

REPORT

of the

DEUTSCHE BUNDESBANK

for the Year 1960



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IN THE ACCOUNTING YEAR 1960**

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Schleswig- Holstein	Otto K ä h l e r Wilhelm S p i l g e r	President Vice-President

<sup>1)</sup> Pending appointment of the President of the Land Central Bank in the Saarland his functions will be exercised, also in the Central Bank Council, by the Vice-President.



# REPORT OF THE DEUTSCHE BUNDESBANK FOR THE YEAR 1960

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Part A

General Part

Economic Developments and Central Bank Policy \*)

I. General Survey

The past year's economic developments faced the Bundesbank with problems some of which were quite difficult, and forced it to take steps which can be explained only by the exceptional circumstances of the period, more particularly by the much discussed and paradoxical phenomenon of internal overstrain with balance-of-payments surpluses remaining at a high level and even increasing. In the following survey these difficulties will naturally be the central object of consideration. It therefore seems all the more appropriate to begin by saying that, regardless of the anxieties which it caused the Bundesbank, from the point of view of the overall economy 1960 has nevertheless been a year of great successes and exceptional achievements, which excellently attest the economy's elasticity. The cyclical and monetary problems with which the Bank and the Federal Government had, and still have, to contend are problems of too much rather than too little expansion. That this state of affairs is preferable to the opposite need hardly be argued. Two years ago it was by no means certain whether the Bank might not soon find itself defending another front. Anxiety was expressed in various quarters at that time about the slowing down in rates of growth, and the question was raised whether the Bundesbank ought not to do more to "stimulate" economic activity than it was then doing — a question which, with an eye to the new expansive forces already in sight, was answered in the negative.

In point of fact in 1960 the economy displayed an astonishing degree of strength. Industrial production was greater than in the previous year by 11 per cent, agricultural production (in the 1960/61 crop year) by 10 per cent. No doubt in the case of the latter the relatively favourable weather contributed much to that result; but the decisive factor there, just as in industry, was the advance of productivity. During the past decade this advance has been faster in agriculture than in industry, although formerly it was believed that in this respect agriculture was if anything at a structural disadvantage. But production in the rest of the economy also showed rates of growth considerably exceeding those which, as recently as two or three years ago, would have been described as normal. Although at the beginning of the year the reserves of production factors were already largely exhausted, especially those of labour, at 8 per cent the growth of the gross national product in 1960 was thus greater even in terms of real value than in any other year since 1952; by comparison with many of those years the growth was indeed much faster. Practically all sections of the population shared in this. Wage and salary income, which accounts for more than half of the entire national income, grew by 12 per cent; income from social insurance and public assistance pensions and benefits, together with officials' retirement pensions, did so by 4 per cent despite the decrease in the number of recipients of social pensions and benefits. On an international comparison, contrary to the ideas entertained in some foreign quarters about the Federal Republic's relative degree of "affluence", the per capita income here still lags to a greater or lesser extent behind that in various other European countries; yet there is no doubt that last year the rise in the standard of living made further significant progress, at least as measured by the volume of goods and services available.

Despite these gratifying signs of prosperity it would of course be wrong to ignore the fact that the internal tensions, to which our last Annual Report drew attention with concern, persisted during the period under report, and in some cases even grew stronger under the influence of the same forces as were at work in the above-described growth of the national product. Great as was the rise in production, indeed, and gratifying as was that in imports, the

A year of great economic achievements

... but also increasing monetary tensions

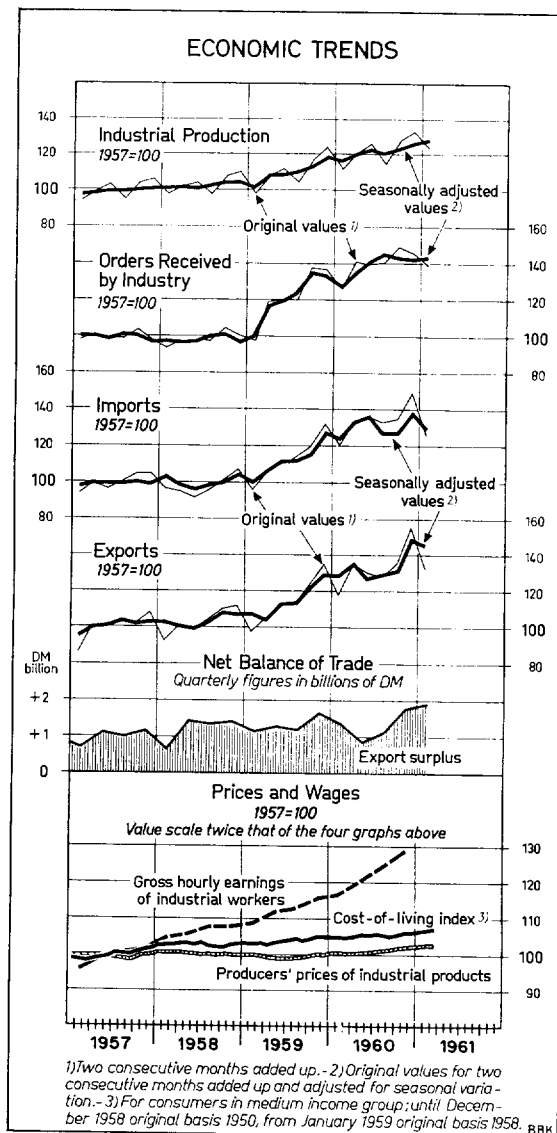
\*) The German original of this Report went to press on 6 May 1961.

impulses exerted on demand by the cyclical forces were stronger still, so that the imbalance between supply and demand in the economy grew further. Only in a few sectors during the last twelve months did the rise in demand become somewhat slower, or fall back level with that in the supply of goods. The slowing was however much too small to produce any relief worth mentioning for the other sectors, particularly since in most of them the expansion of demand continued with only slightly diminished strength, or at least continued to outstrip the possibilities of any corresponding enlargement of output. The clearest pointer to this is the state of the labour market, where during the winter of 1960/61 considerably more vacancies were constantly on offer than there were registered unemployed, even including those only seasonally out of work. Where therefore it was a matter of the most elementary production factor ultimately required for meeting every need, namely labour, the overall excess of demand in the economy was unmistakable.

In these circumstances it was not surprising that wages and salaries rose at a faster rate, frequently even without any special action by the workers' associations, and that in many cases no particular difficulty was encountered in passing the higher wage costs on in prices. Especially in industry, and particularly where labour costs produce a relatively great effect, the price rises have become more numerous and more marked

since last autumn, even though there has been no price surge of the magnitude forecast by many observers. In the case of living costs a further reason was that from July of last year onwards the rent regulations applying to a high proportion of dwellings were gradually relaxed or removed; many of the dwellings thereupon became dearer. It is true that the upward price tendencies were greatly reduced or even cancelled out, especially for ultimate consumers, through the fact that the good crops together with the general increase of foodstuff production brought food costs down, while in the case of industrial products cheaper imports of many finished goods combined with the fall in international raw material prices to check the upward domestic price movement. But these factors were unlikely to produce more than a merely temporary opposite effect.

The Bundesbank last year tried to restrain the increasing tensions by stronger use of its credit policy instruments, and so to check the upward price tendencies. It accepted the fact that this would entail external risks greater if anything than the 1959 change in credit policy had done, the more so since from mid-1960 onwards the restrictive line progressively diverged from important other countries' credit policy, while the large balance-of-payments surpluses which the Federal Republic has shown for years called rather for an easy policy directed to



The Bundesbank's restrictive policy

bringing interest rates down. The Bundesbank would therefore have been better pleased if it could have refrained from applying the credit brakes more severely, and if the boom had been countered by other means conforming better to the facts of foreign trade and payments. Since however the use of such means ran into insuperable political difficulties, the Bank found itself (despite all misgivings) obliged at least tentatively to employ the traditional credit policy instruments rather than surrender in advance.

One of the subsequent sections fully describes the measures which the Bundesbank adopted for the purpose. In the first months of 1960 it mainly confined itself to narrowing the banks' liquidity margin by repeatedly raising the minimum reserve ratios and cutting the rediscount quotas, so as to make banks more cautious in the granting of credit and to render the discount rate increases of the autumn of 1959 effective. The result was however not conclusive. In some spheres, especially where lending depends on the possibilities of obtaining funds in the bond market, the credit expansion did slacken; elsewhere however it rather quickened, particularly since there was faster growth than ever in the banks' lendings in the proper sense, namely their short-term lendings to business and private customers. This was mainly because the economy's strong propensity to invest persisted despite rising interest rates, while the banks' liquidity cushions were still substantial because the large foreign exchange inflows in great part counteracted the measures taken by the Bundesbank to affect liquidity. Besides this however the public authorities' spending rose more and more, contrary to the requirements of anticyclical expenditure policy, especially since tax revenues were unprecedentedly favourable owing to the influence of the boom.

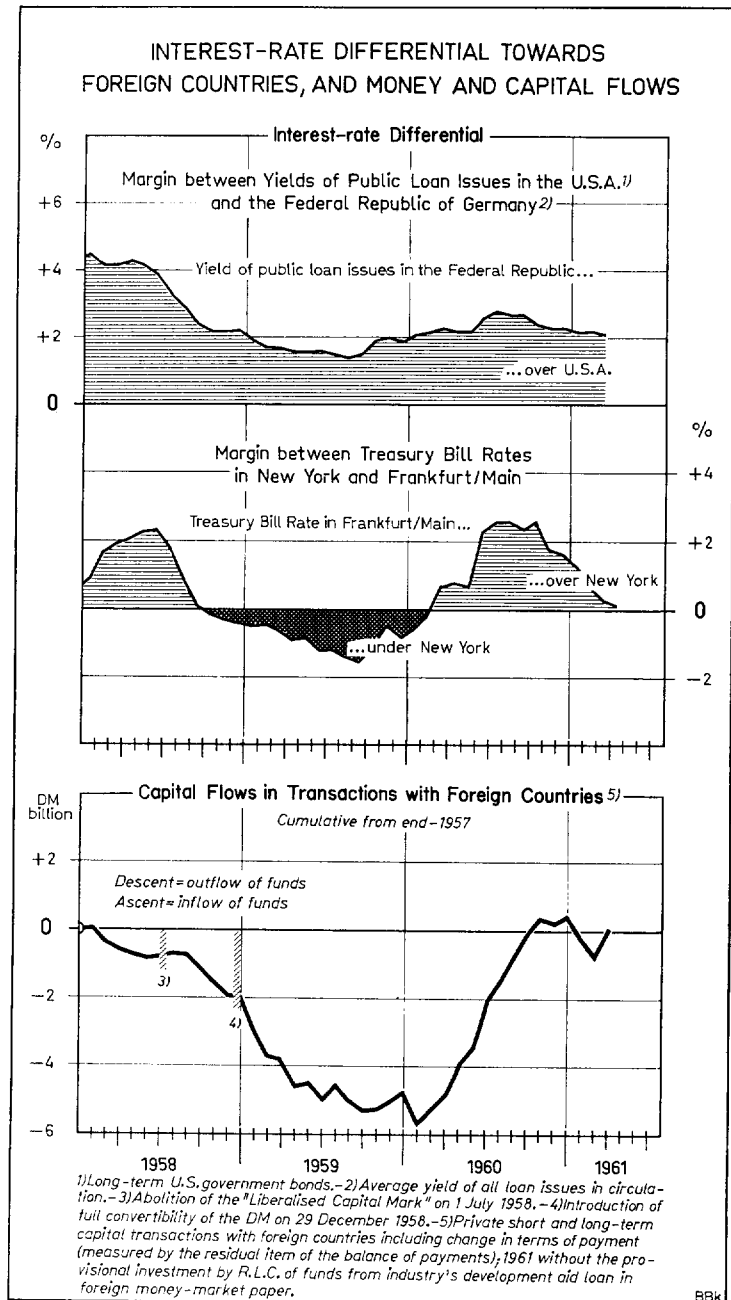
At the beginning of June 1960 the Bundesbank therefore decided to stiffen its policy by a "broadside" of further restrictive measures. The central feature was a renewed raising of its discount rate from 4<sup>0</sup>/<sub>0</sub> to 5<sup>0</sup>/<sub>0</sub>, with a corresponding rise in the Bank's other rates, especially those for sale of the money-market paper in which it deals in the course of its open-market operations. The minimum reserve requirements were also raised, in particular through making the addition to reserve-carrying internal liabilities subject to the highest ratios permitted by law, and the banks' rediscount quotas were further cut. This of course increased the risk of a greater inflow of money from abroad. At the same time, so as to meet that risk as far as possible, various foreign exchange measures of a protective character were adopted. They comprised mainly an order forbidding payment of interest on non-residents' bank deposits, other than savings deposits of physical persons; another forbidding banks to provide security for loans which their customers raised abroad; and fresh rules for minimum reserves, designed to make foreign borrowing by the banks themselves more difficult. Further interference with money and capital transactions with foreign countries, for instance through complete prohibition of foreigners' investments in Germany and of borrowing by the economy abroad, was on the other hand discarded on purpose. Such interference would have meant too great a step backward in the Federal Republic's foreign trade and payments policy which is directed to increasing integration; it would have been in great part dependent on previous approval by international agencies; and in view of the many possibilities of evasion, which exist with the German economy's international links as close as they now are, it would hardly have achieved success.

The fact has already been mentioned that the measures of 2 June 1960, despite efforts to afford at least some protection against adverse external influences, entailed the possibility of increased exchange surpluses and hence a danger that their effect might be weakened. The Bank however felt that it ought not for that reason to surrender from the outset; instead, it felt obliged to test through practical experience the effectiveness of a tighter credit policy. But subsequent events showed that in a situation so exceptional as that in which the Federal Republic found itself last year — with continuing large surpluses in the balance of payments on current account despite the utmost straining of the internal market, with German interest rates well above the international level, with the easing of credit in other countries, and with a high

External problems  
posed by  
the restrictions

degree of freedom for international money and capital movements — the prospects of controlling exaggerated domestic activity by means of credit policy are extremely limited. Immediately after 2 June the influx of foreign money and capital rapidly increased. True, by dint of the order forbidding banks to pay interest on non-residents' deposits it proved possible to keep the growth of such deposits in check; and expansion of the banks' borrowing abroad was also visibly slowed. But the flow of money into the country through other channels was all the more abundant for that. Foreigners' buying of securities greatly expanded because of the high yield in Germany on those bearing fixed interest, as well as owing to the prohibition of interest on foreigners' deposits and the expectation that the DM would be revalued upwards. At the same time trade and industry borrowed abroad on a large scale direct, that is without the banks' help, which had been greatly impeded and in some cases forbidden; and in foreign trade it became progressively easier — where necessary through slight price concessions, which were of only small importance as compared with the potential saving in interest — to obtain more favourable terms of payment, that is to draw on suppliers' credits or to receive prompter cash payment from the customer.

In this connection the interest differential was of great importance. It arose not only because interest rates in the Federal Republic were rising considerably up well into the late summer of last year under the influence of the restrictive credit policy, but also because in other countries interest rates moved in the opposite direction. Especially in the United States, which during the second half of 1959 had followed a credit policy as restrictive as that in the Federal Republic and so had afforded the Bundesbank much welcomed support, the level of interest rates in the first months of 1960 rose no further but on the contrary began to fall away. Towards the middle of the year this tendency became even more marked; and in June — by a deplorable coincidence only a week after the raising of German Bank Rate from



4<sup>0</sup>/<sub>0</sub> to 5<sup>0</sup>/<sub>0</sub> — the Federal Reserve Bank of New York joined with several other Federal Reserve Banks in lowering their discount rate from 4<sup>0</sup>/<sub>0</sub> to 3 1/2<sup>0</sup>/<sub>0</sub>, thereby clearly indicating the change-over to relaxation which has since been a feature of American credit policy. From the outset, therefore, the conditions for the tightening of German credit policy on 2 June 1960 were as unfavourable as they could possibly be. To make the internal restriction effective in face of the interest differential which then formed would in itself have presented a difficult task.

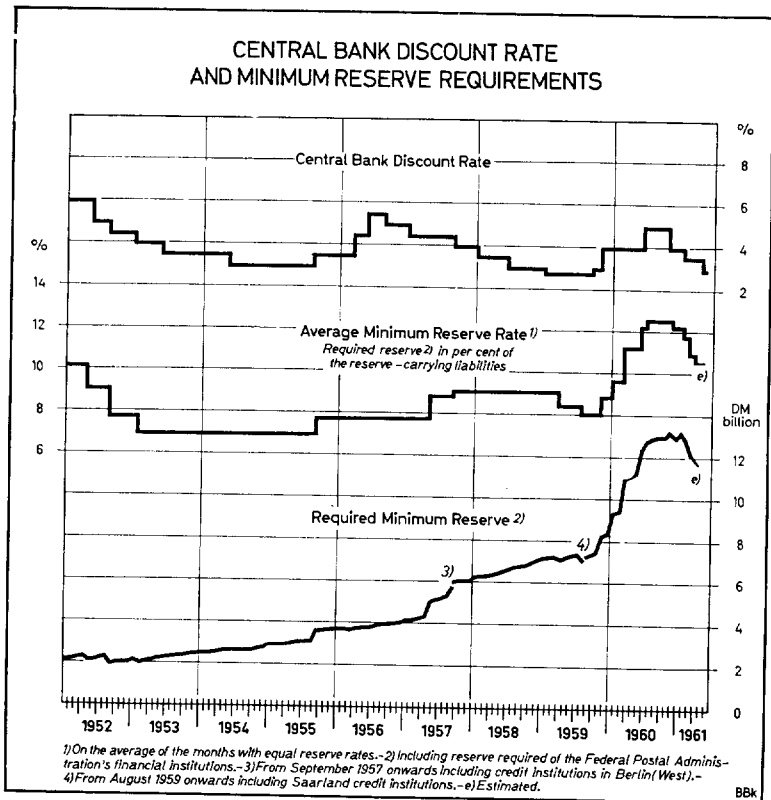
In addition however there was a second handicap, namely the influence of the strong currency speculation which began in 1960 and — to a large extent independently of the interest differential — increased the money and capital inflow to the Federal Republic in an unpredictable degree. Its roots did not lie only in speculating on revaluation of the DM. Alongside this there was growing distrust of other currencies' stability, and a corresponding flight of money and capital into those currencies which, whatever autonomous steps in regard to them might eventually be taken, seemed in the existing circumstances to be the safest refuge. In that connection the DM was valued especially highly, and consequently became more and more a magnet not only for speculators' capital but also for flight money.

By the resulting money influx, however, the credit restrictions were rapidly deprived of their effect. It is true that up to the late summer and autumn of last year the Bundesbank tried through large-scale contractive open-market operations to neutralise the incoming money, at least in so far as it increased the banks' liquidity (although the liquidity of trade and industry was not reduced thereby). But these attempts were in truth a labour of Sisyphus. On the one hand liquidity was drawn off, but on the other hand still more constantly flowed into the banks, even though in the second half of 1960 the cash transactions of the major public authorities also took large amounts of money away from them. Hence even the domestic credit expansion remained considerable in its total extent, although some banks whose liquidity was more seriously reduced were forced to show greater restraint. In particular the credit restrictions failed to prevent a part of the economy, especially some large enterprises, from making considerable use of foreign credit facilities which were offered to them on a very ample scale; indeed the scarcity and rising cost of credit within the country precisely encouraged that shift of borrowing, so that the total money supply became not smaller but greater. On the whole the object of the credit restrictions was thus not attained. Instead, by reason of the same causes that prevented its attainment, the surpluses on the balance of payments rose and the difficulties due to external economic relations, from which the Federal Republic was already suffering, increased.

When this became evident the Bundesbank did not hesitate to draw the conclusions, and to make its policy conform more to the needs of the balance of payments. On 10 November 1960 the discount rate was lowered from 5<sup>0</sup>/<sub>0</sub> to 4<sup>0</sup>/<sub>0</sub>, and with effect from December the first easing of minimum reserve requirements took place through termination of the special reserve which had been introduced on 2 June 1960 for additions to domestic liabilities. On 19 January there was a second discount rate reduction, this time by 1/2 per cent; and on 4 May 1961 the rate was reduced by a further 1/2 per cent, to 3<sup>0</sup>/<sub>0</sub>. In February, March and April moreover the liquidity restrictions were again relaxed, through several reductions of the minimum reserve ratios for domestic liabilities as well as through renewed raising of the previously reduced rediscount quotas; besides this the repeated lowering of selling rates for the money-market paper in which the Bundesbank deals in the course of open-market operations meant an easing of liquidity, over and above its effect on interest rates, since this made it less attractive to employ surplus funds in money-market paper and so to take them out of the open market. By adopting these measures the Bank refrained from neutralising so much as previously the tendencies to increased liquidity due to the balance-of-payments surpluses; as regards liquidity it thus gave freer rein than before to the market tendencies towards lower interest rates, being aware that in the long run it would be impossible and inexpedient to oppose natural compensatory tendencies. In point of fact the level of interest rates has fallen appreciably since the autumn

Reversal of  
credit policy

of last year, falling not only in the money market but also in the capital market, where extensive foreign buying of securities had started the decline of interest rates as early as July 1960 — that is months before the reversal of credit policy — and also greatly strengthened the effects of the credit-easing measures in the first months of this year. The flattening out of the interest differential in relation to foreign countries is accordingly in progress. In the short-term sphere indeed it has already gone so far that the banks have again effected major money exports,



and have done so even without the help which the Bundesbank was affording to such transactions up till February of this year by allowing a premium on the purchase of forward dollars — although the process has been visibly stimulated since the end of April this year through the revision, as described below, of the minimum reserve requirements for foreign liabilities.

Neglect of internal needs?

This policy of course presents a certain antithesis — although, as matters stand, not a real one — to the course of internal economic activity, which remains a phase of boom. The Bank has indeed always emphasised that it was induced to ease its credit policy not by any decrease of the internal tensions, but solely by the course of the balance of payments. That however certainly did not mean opting unilaterally for a credit policy “guided by the balance of payments”, while neglecting the needs of the domestic business cycle. The relaxation of credit policy did not appreciably take the brakes off internal economic activity, because as has already been indicated those brakes had anyway become temporarily ineffective by reason of the influx of foreign money coupled, in some spheres, with deliberate counteraction by the public authorities — especially for instance through the large interest subsidies allowed on certain capital projects. This brings out clearly just that dilemma which has already been more than once mentioned, namely that despite high economic activity the current balance of payments shows substantial surpluses, while at the same time there is a surplus on capital account — that is, against the export of real capital in the form of goods and services there is a substantial import of monetary capital. These are paradoxes which do not fit into the “traditional” pattern of the business cycle, and consequently also rule out a credit policy on “traditional” lines. It is instead necessary cautiously to combine what is at present required on cyclical grounds with what needs to be done to remove the structural circumstances inducing those paradoxes. The establishment of normal interest rate relationships with foreign countries is one of the relevant tasks.

Parity change and economic policy

Incidentally the upward revaluation of the DM by 5 per cent of the previous parity with effect from 6 March 1961 was a step designed, independently of credit policy, to counteract

the present tensions and to contribute towards removing the fundamental disequilibria in external economic relations which faced credit policy last year with so difficult a dilemma. Despite many earlier objections the Bank assented to this decision because it fully realised that since the foreign payments position for the time being ruled out credit policy as a means of checking undue economic activity this particular measure of structural adaptation had become all the more urgent. It may in fact be expected that, by reducing the fundamental external imbalance, revaluation will also help to reduce the present excess economic activity without entailing the risk of a "recession". The exchange rate alteration makes imports cheaper, and exports more difficult. Thus the upward price tendencies have been somewhat weakened, at least where foreign competition can operate — quite apart from the fact that the impulses which revaluation gives to imports, and the checks which it applies to expansion of exports, create conditions permitting a greater increase of supplies within the country and hence tending indirectly to slow the rise of prices. That, it is true, will hardly suffice to remove the existing market tensions and the consequent dangers. To set limits to the rise in prices and costs before it assumes more virulent forms it would rather appear expedient to counteract the tendencies to overstrain by other means of economic and financial policy. That applies especially to the building market, which is a highly sensitive spot not only inasmuch as the excess demand is even more apparent there than elsewhere, but also because in that market foreign competition cannot be expected to have any braking effect. In view of the failure of the Government's plan to relieve pressure in the market by a temporary suspension of new building permits it would be desirable in particular to envisage a limitation of existing tax privileges and other forms of official financial aid for house-building, at the earliest possible moment, to sectors where special treatment is justified on social grounds. There are other methods too, for instance by countering and containing price-fixing arrangements, by further reduction of import duties, by extending the liberalisation of imports and — not least — through better "anticyclical" alignment of public spending policy, by which much could be done to restore the state of economic activity to normal. If on the other hand credit policy were devoted to that purpose it would be overtaxed, so long as there is a danger that the balance-of-payments surpluses — especially in connection with capital movements — may be increased through credit restrictions, and that consequently the internal effect at which those restrictions are aimed will be nullified. Only after removal of the fundamental disequilibria, which have of late made credit policy ineffective, will there again be a chance of its producing full effect.

The importance of taking account of the balance of payments even after revaluation is more-over clearly shown by the fact that, after that step was taken, the exchange accruals did not at once decline, but on the contrary for a time rose rapidly. The reason was that after the alteration of the DM rate the business community both at home and abroad at first showed much nervousness regarding the further movement of exchange rates, and took more care than ever to fix these. Borrowing abroad for rate-fixing purposes therefore greatly expanded, while foreign importers tried by acquiring DM to protect themselves against the risk of losses through further exchange rate alterations. The fact that after the DM revaluation it became much harder to conclude export transactions on a DM basis was of considerable consequence in that connection, since this of course widened the range of transactions for which German exporters tried to fix forward rates. It is true that these are tendencies which arose either not at all or not directly from the interest differential, being — to use a term that admittedly covers greatly differing circumstances — of a speculative nature. But clearly the wider the interest differential is the greater will be the extent which such speculative movements can attain, because then borrowing abroad — perhaps primarily effected only to fix exchange rates — also becomes advantageous on grounds of the interest payable, whereas exchange rate fixing becomes per contra more expensive in proportion as interest rates at home approach those abroad, or actually fall below them. There is the further point that, as the yields obtainable on employment

Credit policy  
in the light of the  
latest balance-of-  
payments trend

*Figures showing Economic Developments in the Federal Republic of Germany*  
excluding Berlin  
Monthly averages

Item	Basis or unit	1954	1955	1956	1957	1958	1959	1960	1960				1961
									1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr. p)
<b>Production<sup>1)</sup><sup>14)</sup></b>													
Index of industrial production (per working day)													
Total	1950 = 100	155	178	192	203	209	225	249	233	253	242	268	255
Basic and producer goods industries	1950 = 100	151	175	187	198	203	228	260	244	268	264	267	266
Capital goods industries	1950 = 100	181	223	243	253	271	293	337	317	345	321	367	360
including:													
Machine building	1950 = 100	171	210	229	237	239	247	281	260	287	271	307	290
Consumer goods industries	1950 = 100	146	162	176	186	184	195	211	203	211	201	228	217
including:													
Textile industry	1950 = 100	139	151	161	167	157	163	173	176	172	163	181	179
Building industry proper	1950 = 100	153	173	181	177	183	213	222	165	258	242	223	193
Production of important basic materials <sup>2)</sup>													
Hard coal, per day worked in mining <sup>15)</sup>	'000 tons	425.2	433.3	445.9	458.0	472.4	544.4	538.6	554.8	535.8	516.0	548.5	557.4
Raw steel, per production day <sup>14)</sup>	'000 tons	54.3	65.6	72.9	76.1	73.0	94.0	103.0	101.5	102.6	103.9	104.0	105.2
Rolled steel, per production day <sup>14)</sup>	'000 tons	36.7	45.0	51.4	54.9	51.2	63.7	73.9	74.2	74.6	73.9	72.6	74.8
Farm products <sup>2)</sup> <sup>16)</sup>													
Food production <sup>4)</sup>	1935.3e-1938/39 = 100	122	121	125	130	138	137	151 <sup>c)</sup>					
Stocks													
(at end of period indicated)													
Pithead stocks of hard coal and coke <sup>2)</sup> <sup>15)</sup>	'000 tons	2,079	217	269	753	13,065	17,883	11,481	16,517	15,385	13,803	11,481	11,340
Coal stored with main consumers <sup>2)</sup> <sup>15)</sup>	'000 tons	4,636	6,761	8,415	11,092	11,575	8,466	8,508	8,464	8,705	9,171	8,508	.
Rolled-steel stocks <sup>6)</sup>													
with producers and traders <sup>4)</sup> <sup>17)</sup>	'000 tons	1,048	1,247	1,474	1,707	1,565	1,789	2,263	2,103	2,111	2,187	2,263	.
with capital goods industries <sup>18)</sup>	1952-1955 = 100	95	166	199	236	204	195	281	236	264	278	281	.
Retailers' stocks <sup>19)</sup>	1958 = 100				94	98	103	123	113	114	125	123	137
<b>Labour Market and Employment<sup>6)</sup></b>													
Registered unemployed <sup>20)</sup>	'000's	1,228	935	767	668	689	480	237	257 <sup>2)</sup>	134 <sup>2)</sup>	112 <sup>2)</sup>	272 <sup>2)</sup>	163 <sup>2)</sup>
Employed <sup>7)</sup> <sup>20)</sup>	'000's	16,286 <sup>c)</sup>	17,175 <sup>c)</sup>	18,056	18,612	18,840	19,400	20,184	20,032 <sup>2)</sup>	20,271 <sup>2)</sup>	20,377 <sup>2)</sup>	20,261 <sup>2)</sup>	20,418
of whom, in industry <sup>14)</sup>	'000's	6,062	6,576	6,991	7,221	7,273	7,301	7,776	7,652 <sup>2)</sup>	7,757 <sup>2)</sup>	7,875 <sup>2)</sup>	7,892 <sup>2)</sup>	.
Unemployment ratio <sup>6)</sup>	per cent	4.6 <sup>10)</sup>	2.7 <sup>10)</sup>	2.1 <sup>10)</sup>	1.9 <sup>10)</sup>	1.7 <sup>10)</sup>	0.9 <sup>10)</sup>	0.5 <sup>10)</sup>	1.3 <sup>1)</sup>	0.7 <sup>1)</sup>	0.5 <sup>1)</sup>	1.3 <sup>1)</sup>	0.8
Weekly hours paid in industry <sup>14)</sup>	hours	48.7	48.9	48.2	46.5	45.7	45.6	45.6	44.8 <sup>11)</sup>	45.9 <sup>11)</sup>	45.6 <sup>11)</sup>	46.0 <sup>11)</sup>	.
<b>Orders booked, and Turnover<sup>1)</sup><sup>21)</sup></b>													
Orders booked in industry													
(Values, per calendar month)													
Total	1954 = 100	107	126	137	143	142	175	201	190	198	205	211	205
Basic industries	1954 = 100	111	127	136	142	137	168	185	178	187	193	184	182
Capital goods industries	1954 = 100	111	136	147	154	163	203	255	240	242	268	271	270
Consumer goods industries	1954 = 100	99	112	126	129	119	147	148	136	155	136	167	147
Retail turnover at current prices <sup>14)</sup>													
Total	1954 = 100	100	111	123	133	139	146	159	137	153	149	196	152
including:													
Clothing, linen, underwear, footwear	1954 = 100	100	110	123	135	136	140	153	120	149	133	210	142
Household goods, furniture	1954 = 100	100	115	133	146	155	165	178	147	158	176	232	164
<b>Prices and Wages<sup>14)</sup></b>													
Prices of basic materials (of domestic and foreign origin) <sup>1)</sup>													
Total	1950 = 100	123	125	129	132	132	132	132	133	132	131	130	130
of which:													
Farm, forest and plantation products	1950 = 100	113	114	119	120	119	120	118	120	119	116	116	115
Industrial products	1950 = 100	133	137	140	145	146	145	147	147	147	146	146	147
Cost prices for foreign goods <sup>1)</sup>													
Total	1950 = 100	103	103	107	106	100	97	98	99	99	98	97	96
Producers' prices of domestic industrial goods <sup>1)</sup>													
Total	1950 = 100	116	119	121	124	125	124	126	125	125	126	127	128
including:													
Capital goods	1950 = 100	122	124	128	132	134	133	136	134	134	137	138	139
Consumer goods	1950 = 100	96	96	98	102	101	99	103	102	103	103	105	106
Cost of living <sup>6)</sup> <sup>12)</sup> <sup>13)</sup> <sup>14)</sup>													
Total	1958 = 100	91	92	95	97	100	101	102	102	102	102	103	104
including:													
Food	1958 = 100	91	92	95	97	100	102	102	103	104	102	101	102
Rent	1958 = 100	89	92	98	99	100	102	109	104	104	111	116	117
Heat and light	1958 = 100	89	91	92	95	100	101	102	102	101	102	103	104
Household equipment	1958 = 100	91	92	94	98	100	99	99	98	98	98	100	100
Clothing	1958 = 100	93	93	93	97	100	100	102	101	101	102	102	103
Industrial workers' wages <sup>6)</sup> <sup>11)</sup> <sup>14)</sup>													
Hourly earnings	DM	1.71	1.83	1.99	2.17	2.32	2.44	2.68	2.54 <sup>11)</sup>	2.63 <sup>11)</sup>	2.73 <sup>11)</sup>	2.81 <sup>11)</sup>	.
Weekly earnings	DM	83.39	89.31	95.77	100.74	105.82	111.51	122.42	113.98 <sup>11)</sup>	120.79 <sup>11)</sup>	124.57 <sup>11)</sup>	129.28 <sup>11)</sup>	.
<b>Foreign Trade<sup>14)</sup><sup>22)</sup></b>													
Imports	DM million	1,611	2,039	2,330	2,657	2,670	2,985	3,560	3,349	3,545	3,462	3,885	3,443
Exports	DM million	1,836	2,143	2,572	2,997	3,083	3,432	3,995	3,807	3,836	3,845	4,494	4,083
Balance	DM million	+ 225	+ 104	+ 242	+ 340	+ 413	+ 447	+ 435	+ 458	- 291	+ 383	+ 609	+ 640

<sup>1)</sup> Excluding Saarland. — <sup>2)</sup> Until end-1958 excluding Saarland. — <sup>3)</sup> Position at end of quarter. — <sup>4)</sup> Farm years from 1 July to 30 June of following year. — <sup>5)</sup> Industry, transport and public utilities. — <sup>6)</sup> Until end-1959 excluding Saarland. — <sup>7)</sup> Averages computed from end-of-quarter figures. — <sup>8)</sup> Proportion of unemployed to total of employed and unemployed wage and salary earners. — <sup>9)</sup> Index of orders booked, based on average monthly sales for 1954 = 100. — <sup>10)</sup> Position at end of third quarter. — <sup>11)</sup> Position at middle of quarter. — <sup>12)</sup> For consumers in medium income group. — <sup>13)</sup> Until end-1957 converted from index 1950 = 100. — Sources: <sup>14)</sup> Federal Statistical Office. — <sup>15)</sup> Statistics of Kohlenwirtschaft e. V. (Coal Association). — <sup>16)</sup> Report on the situation of farming (Green Plan). — <sup>17)</sup> IFO Institute. — <sup>18)</sup> Rhenish-Westphalian Institute for Economic Research. — <sup>19)</sup> Institute for Trade Research at Cologne University. — <sup>20)</sup> Federal Institution for Labour Exchanges and Unemployment Insurance. — <sup>21)</sup> Federal Ministry for Economic Affairs. — <sup>22)</sup> Special trade according to the official foreign trade statistics: imports c.i.f., exports f.o.b. For 1957 and 1958 including imports of the Federal Government subsequently reported and thus not recorded in the official foreign trade statistics for those years. Including Berlin (West). Until 5 July 1959 excluding Saarland. — p) Provisional. — e) Estimated.



of money in the home market decline, the banks become pro tanto more inclined to increase their foreign investments, and thus themselves to re-export at least a part of the monies brought in by the business community. During recent weeks the Bundesbank has therefore endeavoured to let the large exchange inflows in some measure produce their effect on internal interest rates, especially those in the money market, its object being thereby to release and strengthen inherent forces tending to counter the money influx. In particular the repeated lowering of rates for the sale of money-market paper served that object. This seems indeed to have successfully kept the rise of the Bundesbank's monetary reserves within narrower limits than it would otherwise have reached. Permanent reduction of the inflows can of course be expected only when the speculative tendencies disappear; that however depends not only on the gradual slackening (which may be expected) of the present rush to fix exchange rates, but also on the restoring of general confidence that present currency relationships will be maintained. By its policy of cautiously allowing rates of interest to fall — with proper regard for the psychological aspects of the interest-rate level in Germany — the Bank is promoting this process of return towards normal.

The Bank hopes that, through that process and through the effects which revaluation should produce on the Federal Republic's balance of payments on current account, it may be gradually possible (even independently of the large official capital transactions which have been or will be effected in connection with premature repayment of German post-war debts to the United States, United Kingdom and France) to achieve that state of balance-of-payments equilibrium which will permit credit policy to regain the place normally due to it within the framework of economic policy as a whole.

## II. The Course of Economic Activity

Economic trends in the Federal Republic during 1960, and in the months of 1961 so far surveyable, were marked by a continuing upswing. With the continuance of business activity at the highest level, it is true, the relative strengths of the individual expansive factors altered; but the overall situation, the most important feature of which was the overstraining of the available production factors, remained essentially the same. Supply was considerably enlarged through the rise of domestic production and imports, but the growth of total demand was greater still. The persistent imbalance in the markets was also reflected in the increasingly upward tendency of prices.

### 1. Faster Growth of Supply

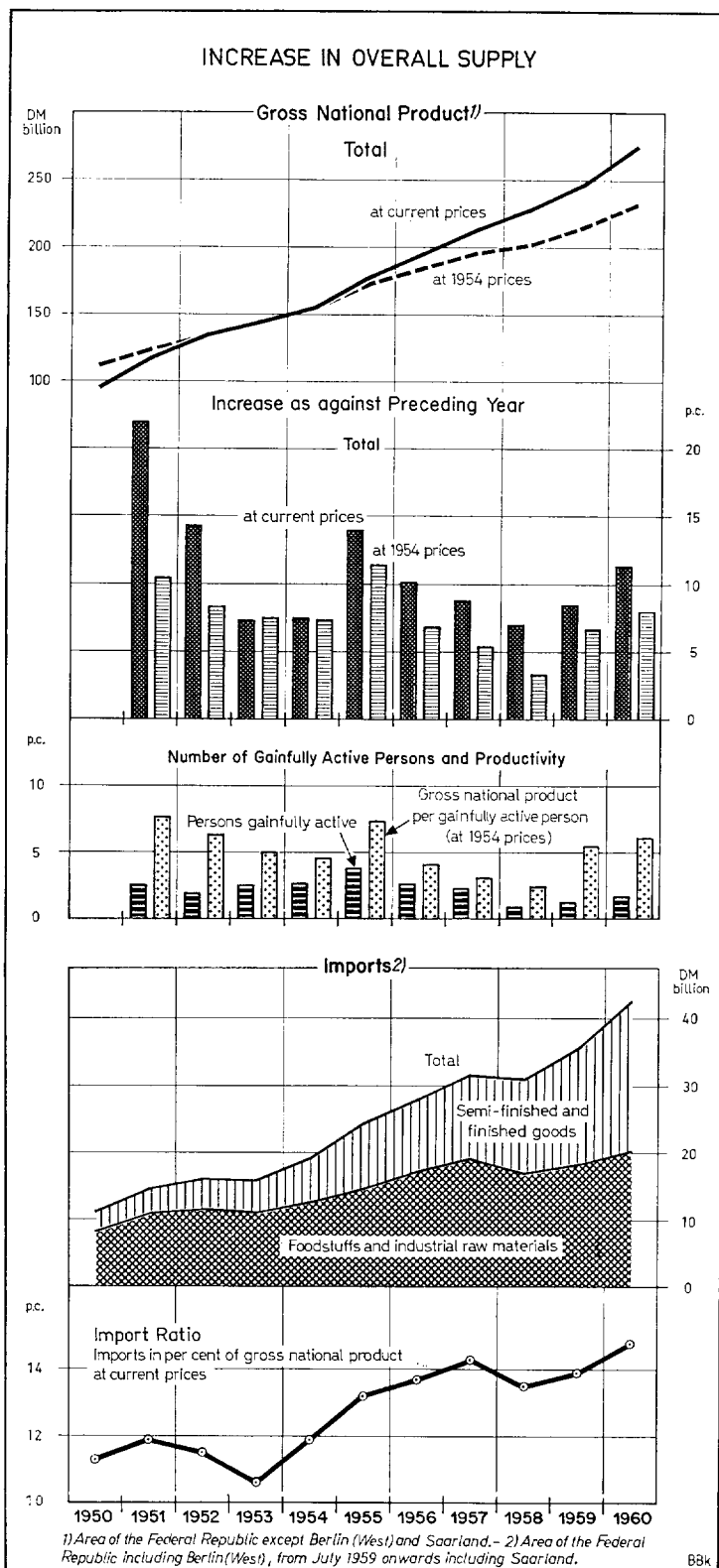
Under the pressure of an extremely strong demand domestic production was greatly increased in 1960 on a wide front. The gross national product at constant prices — the most comprehensive expression of total output — rose in that year by 8.0 per cent, against 6.7 per cent in the previous year and 3.3 per cent in 1958. It is true that in some earlier years of high economic activity an even greater percentage rise had been achieved; measured in absolute values, however, the addition to the national product in 1960 was practically the same as in 1955, and greater than in all other years since the currency reform. The greatest advances in production were attained in industry. At 249 per cent of what it had been in 1950 the index of industrial production in 1960 was higher by 10.5 per cent than in the previous year. It is true that the greater part of this growth occurred in the first half of 1960, when — especially during the winter months — there were greater opportunities for fuller use of the production factors; but in the succeeding months of seasonally high employment, too, the rate of growth was by no means low. Thus the industrial production of a year earlier was exceeded in the third quarter of 1960 by 9.6 per cent, and in the fourth quarter by 7.6 per cent. In the first quarter of 1961,

Rise of total production

when certain seasonal reserves of production capacity again became usable, the year-to-year rate of growth was 9.3 per cent. But outside industry too relatively great increases of production were achieved in 1960. This applies especially to agriculture, where the previous year's shortfalls induced by the drought were more than made good. According to an official forecast food production in the 1960/61 farm year will be greater by fully 10 per cent than in 1959/60, and will thus be some 9 per cent above the relatively high level of 1958/59. Approximately half the total growth of output was in crop farming, which had been much favoured by the weather; the rest came from the increase in the output of foodstuffs of animal origin, which because of the enlargement and better use of the stock of animals in the current farm year is likely to be 7 per cent above that for the previous year.

Aggravated shortage of labour

The great increase of total production in 1960 is the more noteworthy inasmuch as enlargement of the numbers employed became increasingly difficult. The principal reason was that the sources inside the country, which until then had largely fed the stream of newly employed people, more or less dried up. Thus in 1960 the potential labour force for the first time received no addition from natural growth of the gainfully active population. According to estimates by the Federal Statistical Office the number of persons ceasing gainful activity was somewhat greater in that year than the number of the recruits to such activity from the Federal Republic in the shape of young people leaving school, women



previously without gainful occupation, and the like. Successes were achieved only in the further reduction of unemployment; reckoned on a yearly average this permitted the raising of the total number employed by 243,000. This was primarily due to the successful counter-acting of winter unemployment, which has materially declined in importance since the introduction of "bad weather money", paid to building workers from Unemployment Insurance resources when work is suspended because of the weather. So far as the rise in the number of persons at work was due to reduction of unemployment, however, it was mainly confined to the first months of 1960. Whereas the number of unemployed had declined by 438,000 between the end of January and the end of April 1960, falling to 189,000, by the seasonal low point at the end of the third quarter it had been reduced only by a further 77,000 as compared with 214,000 in the corresponding period of 1959. This made the afflux of workers from areas outside the Federal Republic all the more important for the growth of total employment. At 130,000 the net addition to the labour force as the result of immigration from the Soviet-occupied Zone, and emigration to foreign countries, was somewhat greater in 1960 than in the previous year despite the harder conditions for emigration by inhabitants of the Soviet-occupied Zone. There was however a particularly large increase in the immigration of workers from foreign countries. Between July 1959 and July 1960 such immigrants numbered 113,000 as against about 40,000 a year before; up to the end of September 1960 the increase by comparison with a year earlier can be put at as much as some 150,000. Altogether the number of persons gainfully active in the Federal Republic was increased on the average for the year 1960 by 425,000, or 1.7 per cent — an increase which, while very remarkable in the existing circumstances, fell notably short of the demand. This was shown not least by the number of vacancies recorded at labour exchanges; apart from the usual seasonal fluctuations this rose steadily during 1960. In September 1960, the peak of seasonal strain in the labour market, it stood at 524,000 and was thus nearly five times as great as the number unemployed at the same date; by the end of March 1961, that is before the start of the main season, it was already about 580,000.

Just as in most of the preceding years, however, the greater part of the 1960 addition to total output was due not to the increase of employment but to the rise of productivity. With price rises eliminated the gross national product per gainfully active person rose in 1960 by 6.1 per cent, against 5.5 per cent in the previous year. Since however the working time per employed person slightly increased, after having somewhat declined in 1959, the addition to output for each hour worked by a gainfully active person in 1960 is only 5.7 per cent as against 6.4 per cent in the previous year. On the average for the year 1960 the increase of productivity was thus somewhat smaller in 1960 than in 1959, while especially towards the close of the year a definite slowing of the rise was apparent. Thus for instance in industry (including building) the output per employed person in the first quarter of 1960 was greater than a year previously by 12 per cent, in the fourth quarter of 1960 on the other hand by only 4 per cent, and in the first quarter of 1961, according to provisional estimates, by something over 3 per cent. The chief reason was that in the first months of 1960, like 1959 as a whole, the growth of productivity was in great part due to the fuller use made of production installations — a circumstance which progressively lost its importance from the early summer of 1960 onwards, either because the employment of capacities had already reached a maximum, or because their further employment came to grief on the labour shortage. Apart from that the rise of productivity in the whole economy during 1960 was favoured, inasmuch as it was especially great in agriculture because of the good harvest which had to be gathered by fewer workers than in the previous year. The output per person gainfully active in agriculture rose in 1960 by about 12 per cent, that is by much more than the average for the entire economy, and indeed by more than in industry.

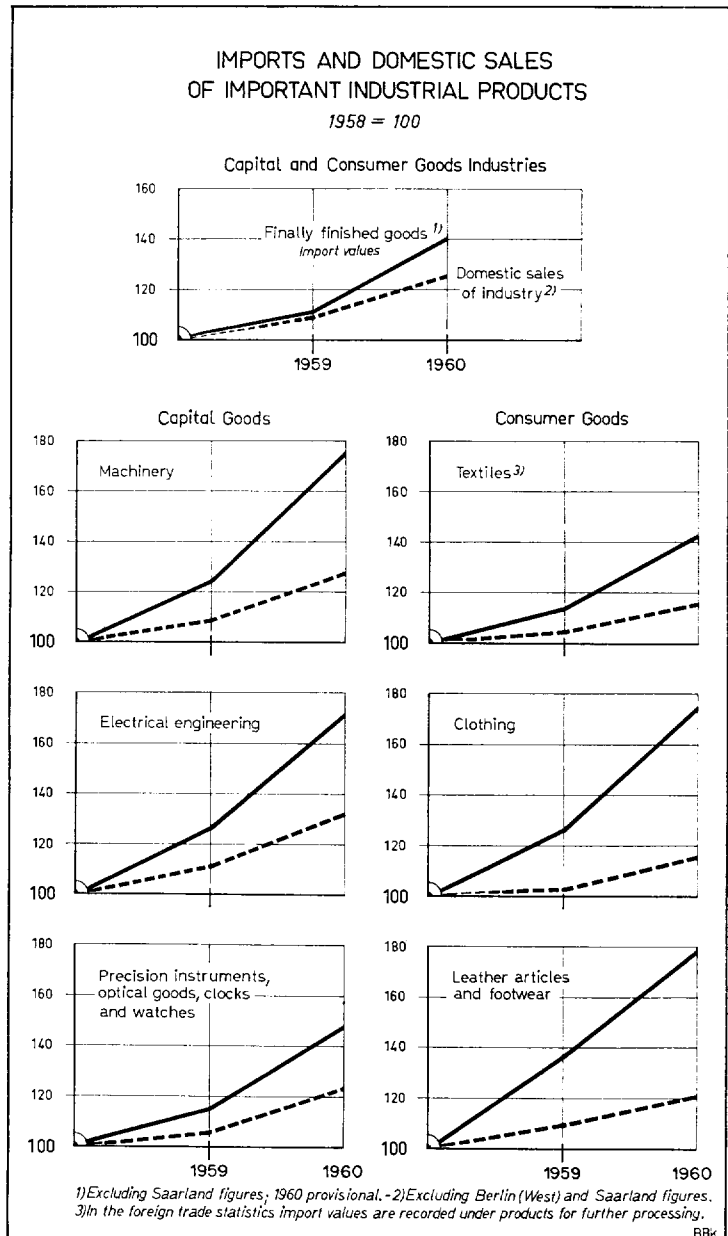
A further factor which greatly affected the extent of supplies in 1960 was the vigorous rise of imports. In terms of value and volume the imports of goods rose in 1960 by about 19 per cent, that is by nearly twice as much as the gross national product at current prices; the "import ratio"

Continuing rise  
of productivity

Great enlargement  
of domestic supply  
through imports...

accordingly rose from 13.9 per cent of the gross national product in 1959 to 14.8 per cent. The increase of imports was especially marked in the first half of the year, whereas in the subsequent months it became somewhat slower. Thus in terms of value the imports on the average of the first half of 1960 were greater than a year earlier by 25 per cent, on that of the second half by 14 per cent, and on that of the first quarter of 1961 by 3 per cent. In part however this slowing took place without affecting supplies within the country. That applies at all events to the decline of agricultural imports due to the abundance of the German harvest in 1960, while other imports rose relatively fast even after the middle of 1960. Thus in the second half of that year the rate of growth in imports of industrial products was still 21 per cent, against an average of 26 per cent for the whole of 1960. The largest rise during 1960 was in imports of semi-finished and finished goods, while those of raw materials rose a good deal more slowly. At the same time

the increases in the import of products which are also produced within the country were as a rule much greater than those in domestic production, so that the share of the market taken by foreign products increased all round. Thus the import value reacted relatively quickly to the growing shortage on internal markets; this process was greatly assisted by the virtually complete liberalisation reached in the case of industrial products, coupled with the generally low rates of import duty (reduced by a further 10 per cent at mid-1960 for imports from Common Market countries). In addition the imports of industrial goods were favoured by the difference between price movements at home and abroad. On taking the price index for imported goods as basis one finds that between December 1959 and December 1960 the prices for imported industrial products declined by about 2 per cent, while producers' prices for industrial products within the country rose by 2 per cent. There were particularly marked price falls in petroleum, non-ferrous metals and rubber, which throughout the year were being dealt in on world markets at mostly falling prices; for semi-finished and finished products too, however, there were as a rule in



The National Product\*)<sup>1)</sup>

Items	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959 <sup>2)</sup>	1960 <sup>3)</sup>	Change against previous year		
												1959 <sup>2)</sup>	1960 <sup>3)</sup>	
Billions of DM														
I. Origin of the National Product														
												per cent		
(a) At Current Prices														
Contributions to gross domestic product														
Agriculture, forestry and fisheries	10.1	12.2	13.3	13.4	13.7	14.5	15.0	15.6	16.5	17.1	17.5	+	3.9	+ 1.8
Producing industries <sup>4)</sup>	48.0	61.0	69.0	75.5	82.0	95.3	104.9	113.3	120.2	131.3	147.5	+	9.2	+ 12.3
Trade and transport <sup>5)</sup>	20.1	23.6	28.3	29.0	30.9	35.7	39.4	43.6	46.6	50.8	56.1	+	9.1	+ 10.4
Services <sup>6)</sup>	19.0	21.9	25.0	27.6	30.3	33.6	37.8	41.7	45.5	49.1	54.8	+	8.0	+ 11.4
Gross domestic product	97.2	118.6	135.5	145.5	157.0	179.1	197.1	214.2	228.8	248.4	275.8	+	8.6	+ 11.0
Net income payments to factors of production due from the rest of the world	+ 0.0	- 0.0	+ 0.1	+ 0.1	- 0.6	- 0.8	- 0.7	- 0.6	- 0.3	- 0.5	- 0.0	.	.	.
Gross national product at market prices	97.2	118.6	135.6	145.5	156.4	178.3	196.4	213.6	228.5	247.9	275.8	+	8.5	+ 11.3
(b) At 1954 Prices														
Gross national product at market prices	113.1	125.0	135.4	145.6	156.4	174.4	186.4	196.5	202.9	216.5	233.8	+	6.7	+ 8.0
id., per gainfully active person, in DM	(5,655)	(6,092)	(6,475)	(6,796)	(7,111)	(7,639)	(7,954)	(8,198)	(8,391)	(8,849)	(9,393)	-	5.5	+ 6.1
II. Distribution of National Income and National Product														
(a) Before income re-distribution														
Compensation of employees <sup>7)</sup>	44.1	53.4	59.6	65.8	71.9	81.9	91.8	100.5	109.0	116.8	130.9	+	7.1	+ 12.1
Income from entrepreneurial activity and property	26.5	34.1	34.2	34.3	38.4	44.3	48.6	51.1	52.2	59.2	80.2	+	13.4	+ 11.5
Undistributed income of enterprises with legal personality of their own	4.9	6.3	6.5	6.9	7.8	9.4	10.4	11.1	11.6	12.7	10.0	+	10.0	.
Government income from entrepreneurial activity and property	0.9	1.2	1.8	1.9	2.1	2.8	2.9	3.6	3.7	3.8	3.6	+	2.4	- 5.3
Fictitious profits (-) or losses (+)	- 1.8	- 4.7	+ 0.8	+ 1.7	- 0.3	- 0.9	- 1.6	- 0.5	- 1.1	- 0.3	.	.	.	.
Net national product at factor costs (national income)	74.5	90.3	102.8	110.6	119.7	137.5	152.1	165.8	177.5	192.2	214.7	+	8.3	+ 11.7
plus indirect taxes	13.1	17.2	20.3	21.8	23.3	26.3	28.7	30.9	32.5	36.1	39.4	+	11.1	+ 9.1
less subsidies	0.5	0.8	0.9	0.3	0.1	0.2	0.9	1.4	1.4	1.2	1.3	-	14.0	+ 11.1
Net national product at market prices plus depreciation	87.1	106.7	122.3	132.1	142.8	163.5	179.9	195.3	208.6	227.1	252.8	+	8.9	+ 11.3
Gross national product at market prices	10.1	11.9	13.3	13.4	13.6	14.8	16.6	18.3	19.9	20.8	23.0	+	4.7	+ 10.4
Gross national product at market prices	97.2	118.6	135.6	145.5	156.4	178.3	196.4	213.6	228.5	247.9	275.8	+	8.5	+ 11.3
(b) After income re-distribution														
Net compensation of employees	34.7	41.5	45.9	50.8	55.8	63.4	70.8	77.0	82.3	88.4	98.2	+	7.5	+ 11.1
Public income transfers to private households <sup>8)</sup>	11.7	13.1	15.4	16.9	17.9	20.2	22.6	27.7	31.0	32.0	33.2	+	3.2	+ 3.7
Mass income	46.4	54.7	61.3	67.8	73.8	83.6	93.4	104.7	113.3	120.4	131.5	+	6.3	+ 9.2
Net income of enterprises	22.7	27.7	31.3	31.1	33.5	40.3	43.5	46.0	49.1	53.5	59.0	+	8.9	+ 10.4
Net income of Government	18.0	24.3	29.7	33.3	35.6	39.6	42.9	44.5	46.2	53.2	62.3	+	15.0	+ 17.1
Net national product at market prices	87.1	106.7	122.3	132.1	142.8	163.5	179.9	195.3	208.6	227.1	252.8	+	8.9	+ 11.3
III. Appropriation of the National Product at Current Prices														
Private consumption	62.5	72.5	79.9	87.6	92.8	103.4	115.1	125.6	134.9	144.1	158.0	+	6.8	+ 9.7
Government consumption	14.0	17.4	20.8	21.1	22.0	23.8	25.4	27.3	30.6	33.7	37.5	+	10.2	+ 11.1
Gross investment in fixed assets	18.3	22.5	25.9	29.3	32.9	41.0	45.0	46.7	50.3	57.1	66.5	+	13.5	+ 16.5
of which:														
Building	8.9	10.4	11.7	14.0	15.5	19.1	21.3	22.5	24.5	28.8	33.2	+	17.6	+ 15.3
Equipment	9.4	12.1	14.2	15.4	17.5	21.9	23.7	24.2	25.8	28.3	33.3	+	9.7	+ 17.7
Inventory changes	3.7	3.9	5.6	2.1	3.4	6.0	4.3	5.3	3.8	4.6	6.2	+	18.8	+ 36.3
Net exports of goods and services	- 1.2	+ 2.3	+ 3.4	+ 5.5	+ 5.3	+ 4.2	+ 6.6	+ 8.7	+ 8.8	+ 8.5	+ 7.6	-	4.3	- 10.2
Gross national product at market prices	97.2	118.6	135.6	145.5	156.4	178.3	196.4	213.6	228.5	247.9	275.8	+	8.5	+ 11.3

Source: Federal Statistical Office, and calculations of the Bundesbank. — \*) Not including the Saarland and Berlin (West). — <sup>1)</sup> Details may not add to totals because of rounding. — <sup>2)</sup> Provisional. — <sup>3)</sup> First provisional results. — <sup>4)</sup> Mining and power, manufacturing, building. — <sup>5)</sup> Including communications. — <sup>6)</sup> Banks and insurance companies, lease of dwellings, Government, other services. — <sup>7)</sup> Gross wages and salaries including employers' contributions to social insurance funds. — <sup>8)</sup> Including officials' retirement pensions.

foreign countries either price falls, or at least smaller price rises than in the Federal Republic. A notable instance of this was afforded by textile finished products, the import prices for which rose in the course of 1960 by 2 per cent, while producers' prices at home increased by 7 per cent. This was no doubt also the primary reason for the great increase in the ratio of imports to total home-market sales; in the case of textile products this rose from 8 per cent in 1959 to 10 per cent in 1960, and in that of footwear from 8 to 11 per cent. So far therefore imports have in some cases already reacted very noticeably to shifts in price relationships; it may accordingly be expected that the general cheapening of imports as a result of the revaluation of the D-mark with effect from 6 March 1961 will further increase the inflow of foreign goods.

... but on the whole  
no relief through  
foreign trade

There is no doubt that on individual markets imports did much to prevent further aggravation of the strains, and to keep the price rises within limits. A fact of importance from the point of view of overall equilibrium in the economy was however that exports rose only little less than imports, so that the export surplus hardly declined in 1960, falling from DM 5,361 million in the previous year to DM 5,224 million. With the inclusion of services the year 1960 yielded a surplus in the balance of payments on current account at the higher level of DM 7.7 billion, against DM 7.2 billion in the previous year. Although the figure for 1960 is statistically somewhat exaggerated by reason of the fact that the Saarland's surplus on trade with areas outside Germany was included for twelve months in the balance of goods and services for 1960, but for only six months in that for 1959, it can nevertheless be said that on the whole the home market received no relief last year through foreign trade.

## 2. The Main Causes of the Excess Demand

The fact that, despite the very considerable expansion of supply in 1960 and in those months of 1961 for which data are available, the state of the market was in general not radically eased was mainly due to the continuing strong propensity to invest, to the further increase of foreign demand and to the faster growth of private consumption. The tendencies to relaxation which are at work in individual markets have so far failed to produce any adequate counter-vailing forces.

### (a) *Continuing Strong Propensity to Invest*

Increasing importance  
of industrial investment

In 1960, just as in the previous year, the main impellent of the upswing was investment activity. Taking as criterion the investment expenditure, which rose in 1960 by 16.5 per cent against 13.5 per cent in the previous year, one finds that this expansive factor on the whole actually gained in importance. But whereas in 1959 investment had received its most important impulses from official building activity, and from house construction pressed forward mainly with support from public funds, in 1960 the investment activity of the business sector was the strongest dynamic element. This was apparent in the fact that equipment investments, which are effected almost entirely by trade, industry and agriculture, rose in 1960 by almost 18 per cent (against not quite 10 per cent in the previous year), and that the expenditure on commercial, industrial and agricultural buildings — unlike that on other buildings — rose more than in 1959.

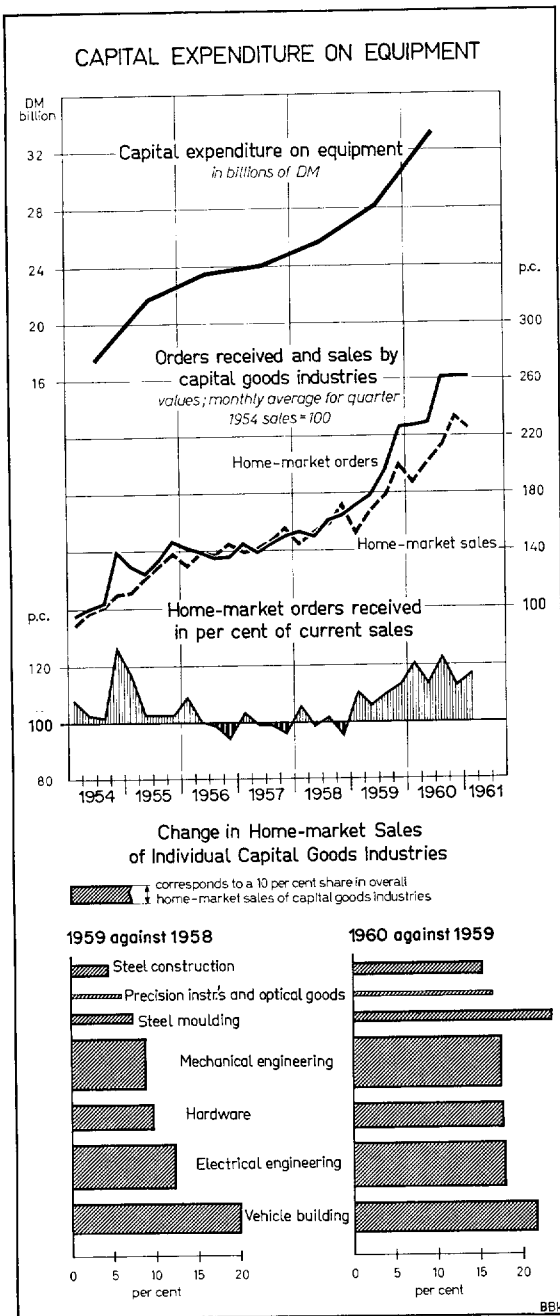
Stronger compulsion  
to rationalise

A decisive cause of the economy's forced investment activity was the labour shortage and the resulting compulsion to rationalise. Labour-saving productive equipment and machines were therefore in particularly keen demand, as is shown by the orders reaching the capital goods industries from the home market. Mechanical and electrical engineering in 1960 achieved increases of home-market orders by 37 and 30 per cent respectively in comparison with the previous year, the precision instruments and optical goods industry by 23 per cent. In the two industries last mentioned the rise was above all in the demand for products which are especially important for automatising the production process. In mechanical engineering the inflow of orders was greatest for metal-processing machines, that is for machines which themselves mainly

serve to produce capital goods. This resulted primarily from the fact that the capital goods industries were even less able than other industries to meet the particularly expanded demand. Total incoming orders consistently exceeded deliveries in the same period, doing so by 19 per cent on the average for the whole of 1960 and by 18 per cent in the first quarter of 1961; thus the stocks of unfilled orders continuously grew. Here however it must be borne in mind that the orders reaching the capital goods industries do not in every case denote an intention to carry out capital development plans without delay. In many cases, because of the lengthened delivery periods and the rising price trend, orders were given in advance; hence the growth of incoming orders reflects with some exaggeration the increase of investment planning for the immediately imminent period. Nevertheless the exceptional order backlog in the capital goods industries exerts steady pressure in the direction of full use of capacities, and of attracting additional labour, not least through concessions in regard to wages.

Besides rationalising and extension of producing plants other motives, especially of a fiscal nature, were a material factor in the placing of orders for capital goods. The high level of activity which has now persisted for more than two years has steadily improved the position of enterprises in regard to profits. In 1959 the gross incomes from entrepreneurial activity and property — that is profits before deduction of taxes or of other payments to public authorities, and before payment of interest and dividends to non-enterprises — rose by DM 7 billion, or 10 per cent, and in 1960 they rose by DM 8 billion or 11 per cent to DM 84 billion. One of the most important means of keeping the resulting increase of the tax burden within limits lies in enlarging the volume of investment, and with it the depreciation permitted by the tax authorities. This incentive is especially strong because enterprises largely make use of the declining-balance method, which permits particularly large depreciation in the first years after new investment. It is true that for 1960 the maximum rates permitted for declining-balance depreciation have been somewhat curbed by the Tax Amendment Law, namely to twice the rates for straight-line depreciation, but not more than 20% per annum; thereby however the cycle-boosting effect inherent in the declining-balance method has not been destroyed, but only weakened. Nevertheless enterprises' tax liabilities have greatly risen in recent years. Even their current direct-tax payments, which reflect the movement in profits only in so far as the current advance payments

Additional impulses:  
greatly rising profits



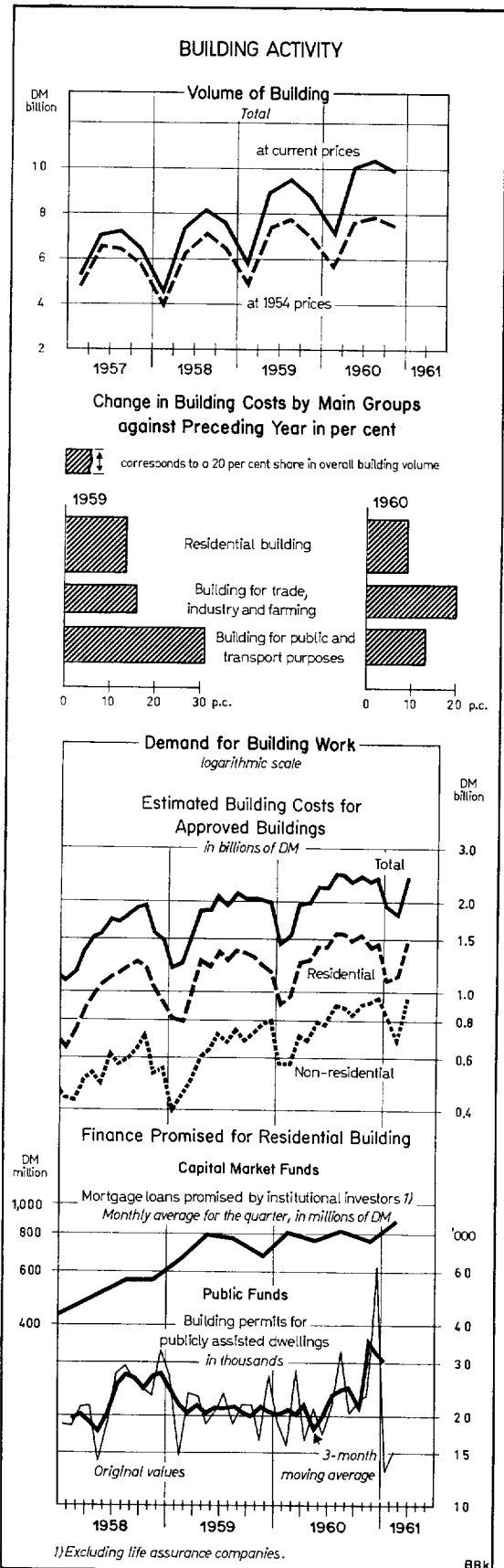
are adjusted to this, rose in 1960 by much more than gross profits. Reckoned in absolute values the rise in direct taxes, like that in proprietors' withdrawals and in dividends, was however much less than that in gross profits, so that the undrawn profits rose considerably; they amounted in 1960 to about DM 17.4 billion, as against DM 15.6 billion in 1959 and DM 14.6 billion in 1958. This enlargement of enterprises' own resources for financing in itself strengthened their propensity to invest, and thereby led to snowball growth of the investment boom.

A further fact of great importance for the expansion of investment activity was that financing by means of borrowed funds was subject to no significant impediments. It is true that, because of the Bundesbank's measures reducing liquidity, the banks' direct lending to trade and industry was not quite so great in 1960 as in the previous year. On the other hand however the large enterprises were able to procure more funds by issuing shares; and finally, as is shown in more detail elsewhere, the business community made use on an unprecedented scale of the opportunities for foreign borrowing afforded by the freedom attained in the international movement of capital. Altogether therefore the amount of borrowed funds obtained by trade and industry greatly increased in the past year. In the enterprises' sector the fact that the internal level of interest rates was above that of a year earlier for longer-term loans throughout 1960, and for short-term credit during the greater part of that year, did not prove to be a material hindrance to borrowing because industrial capital projects — especially the equipment investments, which are written off relatively fast — are not very sensitive to interest rates, in particular when highly optimistic expectations as to earnings outweigh the rise in the interest-rate level, as was largely the case during 1960.

A certain repercussion of the increased cost and temporary shortage of funds for longer-term financing was however at times apparent in those forms of investment which definitely "depend on credit", namely in house-building and in some of the official

... and relatively great elasticity in the supply of credit

Temporary check to the planning of building ...





building projects. In the indicators which matter for the building market this was chiefly apparent in the second quarter of 1960. In that quarter, contrary to the usual seasonal movement, the institutional investors' promises of finance for house construction declined, so that they were above the level in the corresponding period of the previous year by only 6 per cent, whereas in the first quarter of 1960 and the fourth quarter of 1959 the year-to-year rate of growth had in each case been over 30 per cent. At the same time the number of promises of financial assistance for house-building given by the governmental authorising agencies declined. In the planning of buildings this restriction of the possibilities for financing was reflected inasmuch as the number of permits granted for residential buildings declined in the second quarter of 1960 to about 5 per cent below the level of a year earlier. In building on public account there was also a certain check, during the same period, to the growth — until then extremely vigorous — of the plans for building.

This position was however of only relatively brief duration. In the summer months the amount of the plans for building increased, and in the winter their expansion became still faster. Up to a point this was because from mid-1960 onwards the state of the bond markets gradually became somewhat easier, especially owing to the increasing security purchases by foreigners, so that the supply of longer-term funds for financing house construction became somewhat fuller and also cheaper. The total amount of mortgage loans newly promised by institutional investors (other than life assurance companies) was greater by 8.4 per cent in the second half of 1960, and greater by 7.8 per cent in the first quarter of 1961, than in the corresponding periods a year before. The decisive factor was however that governmental encouragement of house-building was again pressed forward towards the end of 1960. On the average of the months from October 1960 to February 1961 some 36 per cent more decisions to authorise expenditure on publicly assisted dwellings were given than in the corresponding period a year previously. The effect of this revival of governmental housing promotion — which in itself conflicts with the long-term object of reducing governmental influence on house-building — was all the greater because it was accompanied by a progressive change-over to so-called mixed financing, in which not only low-interest loans but also interest and redemption subsidies are granted, so that the effectiveness of the public monies is increased by the amount of the capital market resources tapped through subsidies. The total amount of public monies for housing has also been enlarged of late, not only by the Federal Government (which is obliged to do so, at least inasmuch as additional public assistance has to be given to finance refugees' housing), but also by the Länder, whose budgetary position certainly permits such expansion. The Länder have at all events made visible efforts not only to maintain but so far as possible to extend the volume of publicly assisted house-building. In public building projects the expansion during the greater part of 1960 remained within relatively narrow limits; this may have been partly a result of the appeals for restraint by public authorities in the giving of orders for building, especially in cases of steeply rising prices. It has however not proved possible to reduce the volume of official building, which had risen to an exceptionally high level in 1959; from the beginning of 1961 onwards, indeed, the amount of building planned in that category has again grown vigorously. A further fact of great importance for the course of building activity was that the amount of building planned for trade and industry has increased more rapidly since mid-1960, while because of the persistent loss of workers building output can hardly be further expanded apart from seasonal variations. At the start of the 1961 building season the imbalance in the building market is therefore certainly no smaller, but if anything greater than at the beginning of last year.

#### *(b) Further Rise in Foreign Demand*

Foreign demand, which in 1959 had been one of the most important impellers of the economic upswing, continued to expand strongly in 1960 — although, because of the accelerated growth of domestic demand, it became somewhat less prominent among such impellers. In terms of value

... but little easing of tension in the building market

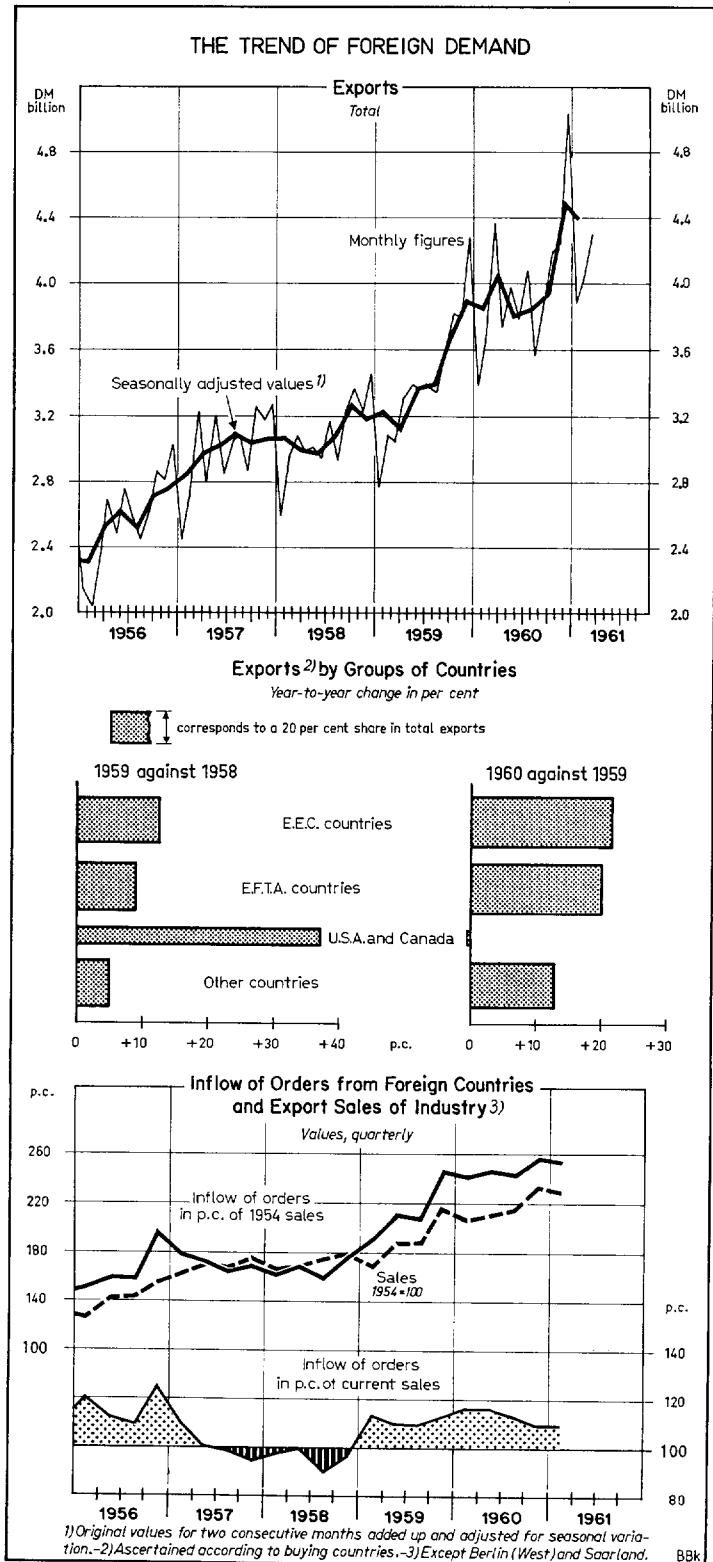
Slowing of the rise in exports ...

total exports rose by 16.4 per cent in comparison with the previous year to some DM 48 billion, whereas the rates of growth had been 11.3 per cent in 1959 and only 2.9 per cent in 1958. The differences in real-value growth were however not so great, because in 1960 export prices slightly rose, so that the volume of exports increased by 15.1 per cent as against 14.0 per cent in the previous year and 3.6 per cent in 1958. But the pace of the growth did notably slacken in the course of 1960. Whereas exports at constant prices were above the level of a year earlier by 29 per cent in the first quarter, and by 13 per cent in the second, the year-to-year rise amounted in the third and fourth quarters to only about 10 per cent and in the first quarter of 1961 to 5 per cent. But the decline in rates of growth incorrectly reflects the trend, inasmuch as on the comparison with a year earlier the exports during the first quarter of 1960 are set against a cyclically somewhat low level, whereas the basis of comparison for the subsequent quarters was already relatively high.

... and the reasons for it

But even after allowance for these statistical influences there was unmistakably some slowing of the rise in exports during the later course of the year 1960. The most important factor in that connection was no doubt the decrease in the elasticity of production. As already mentioned, the year-

to-year rate of growth in industrial production fell quite considerably during last year, namely from over 13 per cent in the first quarter of 1960 to not quite 8 per cent in the fourth, and to just over 9 per cent in the first quarter of 1961. In the capital goods industries, which are



of special importance for exports, the rate of growth declined in the same periods from nearly 17 to just over 12 and not quite 14 per cent respectively. The slower increase of production caused—particularly in some of the capital goods industries which were special objects of foreign demand—a steady increase of unfilled orders, and hence a progressive lengthening of delivery periods. Thus the German exporting industries lost the advantage of delivery periods shorter than those of other countries, and this appreciably weakened their competitive position. It was no doubt largely because of this that the export orders reaching industry on the average of the months from October 1960 to February 1961 were greater than a year earlier by only 7 per cent, against about 20 per cent in the first nine months of 1960.

The narrowing of the available margin of productive capacity need not have affected the course of exports, it is true, if producers had decided to cut down their home-market sales in favour of exporting. There was however the less reason to do so inasmuch as on world markets from mid-1960 onwards it was much harder to enforce price rises than on markets at home. Between June 1960 and February 1961 the overall index of producers' prices for industrial products rose by more than 2 per cent; at the same time producers' prices in the capital goods industries, that is in the most important exporting industries, increased by almost 4 per cent. By comparison the prices for German exports were raised less during that period. Measured by the average values for exports of industrial products the rise in export prices during that period was only about 0.5 per cent; in the case of finally finished goods, most of which are products of the capital goods industries, it was 0.9 per cent.

The increase of competition in world markets which this reflects was due in the first place to the flagging of economic activity in some important industrial countries. In the United Kingdom and Belgium the upswing continued last year only at a much slower pace, or not at all; in the United States and Canada there was actually a quite marked recession from mid-1960 onwards. Industries in those countries tried to enlarge their share of their home markets, and where possible to export more. In that connection price concessions were an important factor. At all events, between the first and second halves of 1960 the average values of exports declined somewhat in certain countries such as Belgium and France, while in others such as the United States and United Kingdom they remained unchanged. In the Federal Republic on the other hand, under the influence of the continuing boom, the level of prices and costs began to rise noticeably.

The object of the D-mark revaluation resolved at the beginning of March is to maintain and strengthen the propitious aspect of the process, which began last year, of expansion in home-market as against export sales, and at the same time to prevent the adverse effects in the shape of a rise in the domestic price and cost level. The revaluation will probably not cause any reduction of exports which was not to have been expected anyhow in the event of continuance of the process, discernible for some time, by which the competitive position of German products relatively deteriorated on the world market. In view of the vigorous growth of domestic demand the state of employment in the Federal Republic will as a whole suffer no setbacks through possible repercussions on exports, but will simply become somewhat less strained, although in some industries difficulties of adjustment may occur.

#### *(c) Faster Growth of Private Incomes and Private Consumption*

The raising of the domestic cost level, which became increasingly apparent during 1960, was closely connected with the faster rise in wages. In 1959 very keen competition between employers for the reduced supply of labour had broken out, and in the course of 1960 the growing maladjustment between supply and demand in the labour market further strengthened the negotiating position of the employed. The rise of wages and salaries continued on a wide front, and at growing rates of increase. The average earnings of employed persons rose from about DM 5,580 in 1959 to DM 6,100 in 1960; the addition thus amounted to 9.4 per cent as against 5.1 per cent

Increase of competition  
in world markets

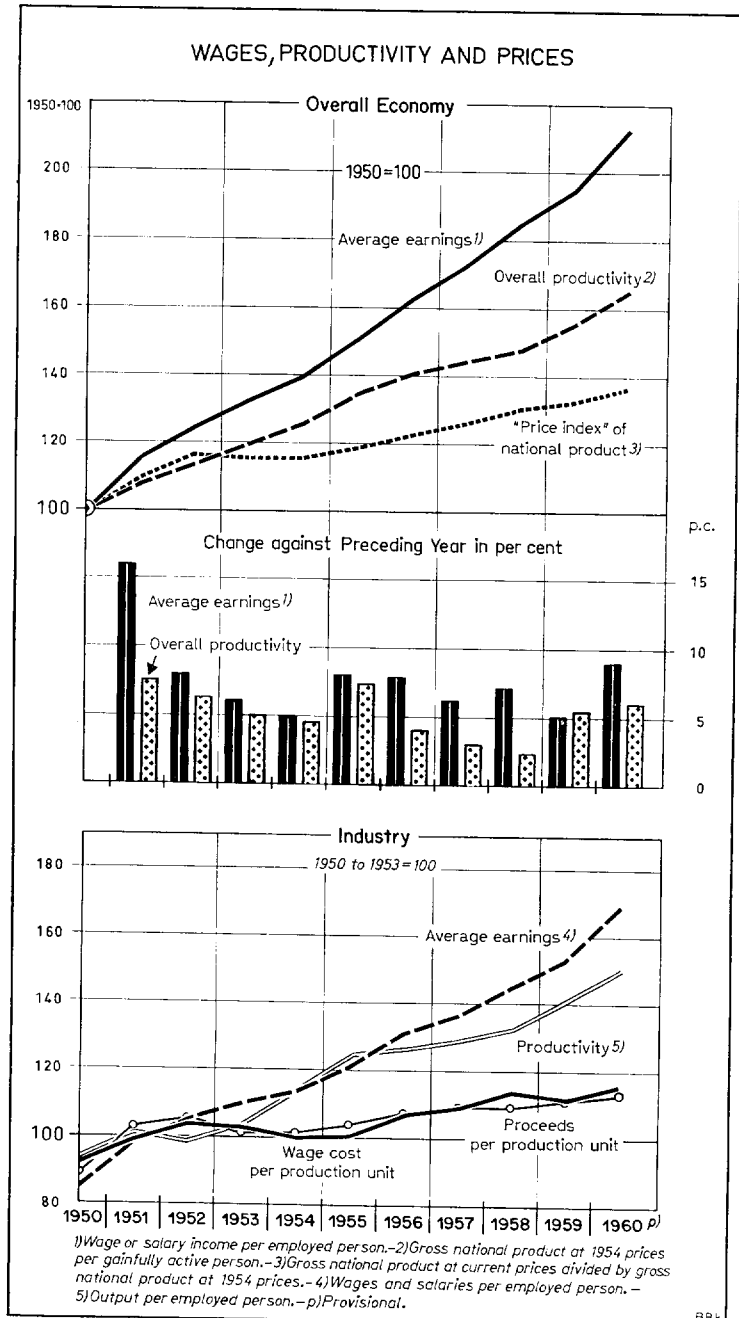
Currency revaluation  
instead of a rise in the  
domestic cost and  
price level

Stronger upsurge  
in wages

in 1959. At the same time there was apparent in the first three quarters of the year an increase in the rate of growth, namely from 6.0 per cent in the first to 8.9 per cent in the second and 11.5 per cent in the third quarter. Not until the fourth quarter did the yearly rate of growth decline somewhat to 9.1 per cent. Here however a special factor was at work inasmuch as in the third quarter of 1960, because of the cumulating of termination dates for collective agreements in major industries, there had been a sharp rise in the collectively agreed wage level with corresponding effects on actual earnings, whereas in the fourth quarter appreciably fewer collective agreements were up for renewal, and consequently — despite higher wage-increase ratios — the level of collectively agreed wages no longer rose so fast as before. Apart from this the rise in effective earnings, which in many cases ran ahead of that in collectively agreed earnings and was also more marked in percentage terms, clearly indicates employers' great readiness in face of the persistent labour shortage to promise earnings exceeding the collectively agreed wage rates. It is therefore possible that effective earnings may resume the temporarily interrupted quickening of their rate of increase if — as may be assumed in the light of the available data — from the spring of 1961 onwards the movement in collectively agreed wages covers a larger number of branches of activity, unless indeed the position as to profits is materially affected by the D-mark revaluation, so that the employers' attitude to collective and individual wage demands becomes somewhat stiffer.

Rise in wages exceeds growth of productivity

The quickening of the upward wage movement during 1960 stood in clear contrast to the movement in productivity. Whereas in the first quarter the rise of this latter had still been greater than that in wages because of the particularly favourable circumstances during the winter months, in the later course of 1960 and in the months so far surveyable of 1961 the wage rises increasingly outweighed the advance of productivity. On the average for the year 1960, these differing tendencies in some measure



cancelled each other out, and earnings per employed person in the entire economy rose by 9.4 per cent; but the real gross national product per gainfully active person increased by only 6.1 per cent. The advance in productivity was therefore not enough to compensate for the wage increases; in the entire economy the wage costs per production unit in fact rose by more than 3 per cent. In the various branches of activity however the ratio between the increases in wages and in productivity differed in greater or lesser degree from that average. Thus in industry (including building) there was achieved during 1960 a greater growth of productivity, by 7.3 per cent as measured by output per person employed, whereas at 9.8 per cent the increase of earnings per employed person was only relatively little above the average for the whole economy<sup>1)</sup>. The wage costs per unit of production therefore increased somewhat less in industry than in the entire economy. How greatly conditions in that respect changed in the course of 1960 may be illustrated for industry by the following figures. In the first quarter the production per employed person was greater than a year earlier by 11.8 per cent, and the average income by 7.6 per cent; in the fourth quarter on the other hand the annual rate of growth in productivity was 4.2 per cent, and that in average earnings was 10.9 per cent. The 1960 wage upsurge thus produced in the production factor "labour", which for the economy as a whole is by far the most important cost element, a cost increase which in view of the general excess demand could in many cases be passed on with relative ease in prices. In the course of 1960 the Bundesbank frequently pointed out the dangers of this trend. Unfortunately the actual course of prices and costs has confirmed the Bank's misgivings. This is of course not intended to imply that the wage increases are the ultimate cause of the price rises, since in the absence of the general excess demand there would not have been the great shortage of labour in the market and the consequent rises in wages, nor would it have been possible to pass those rises on in prices to any significant extent.

Once they had been made, of course, the wage increases themselves contributed substantially towards expanding overall demand. Because of the great rise in average earnings, and the increase in the number of persons employed, the gross income from wages and salaries rose by 12.1 per cent in 1960 against 7.1 per cent in the previous year and 8.5 per cent in 1958. True, net income did not rise quite so much (it rose in 1960 by 11 per cent), because the deductions for Wages Tax rose in percentage terms nearly three times as much as the gross income. Still, reckoned in absolute values the net wage and salary income in 1960 was greater by about DM 10 billion than in the previous year. Thus it increased nearly as much in 1960 as the disposable income of all private households had in 1959. The other private households' income, however, grew somewhat more slowly by comparison. That applies in the first place to social insurance and public assistance pension and benefit income, because the number of recipients declined, while moreover the individual payments to them in general did not rise so much as the earnings of persons employed. Profit withdrawals by self-employed also rose less than wage and salary incomes because the number of persons concerned remained approximately constant. Nevertheless the disposable income of all private households increased in 1960 by nearly DM 15 billion, or 9.3 per cent, to DM 173.0 billion. Growth in the second half-year was in accordance with the wage movement notably greater than in the first, just as it would seem to have further vigorously risen in the first months of 1961, particularly since apart from the continuing large wage increases additional impulses resulted (or, because of scale increases, seem likely to result in the near future) from the expansion of governmental income transfers, such in particular as those by social pension insurance institutions.

The effects produced on ultimate demand by the great increase of private incomes in 1960 were not neutralised, to the same extent as in other years, through greater saving activity. In absolute terms, it is true, saving by private households rose from DM 14.1 billion in 1959 to

Effects on consumer income

Slightly lower saving ratio

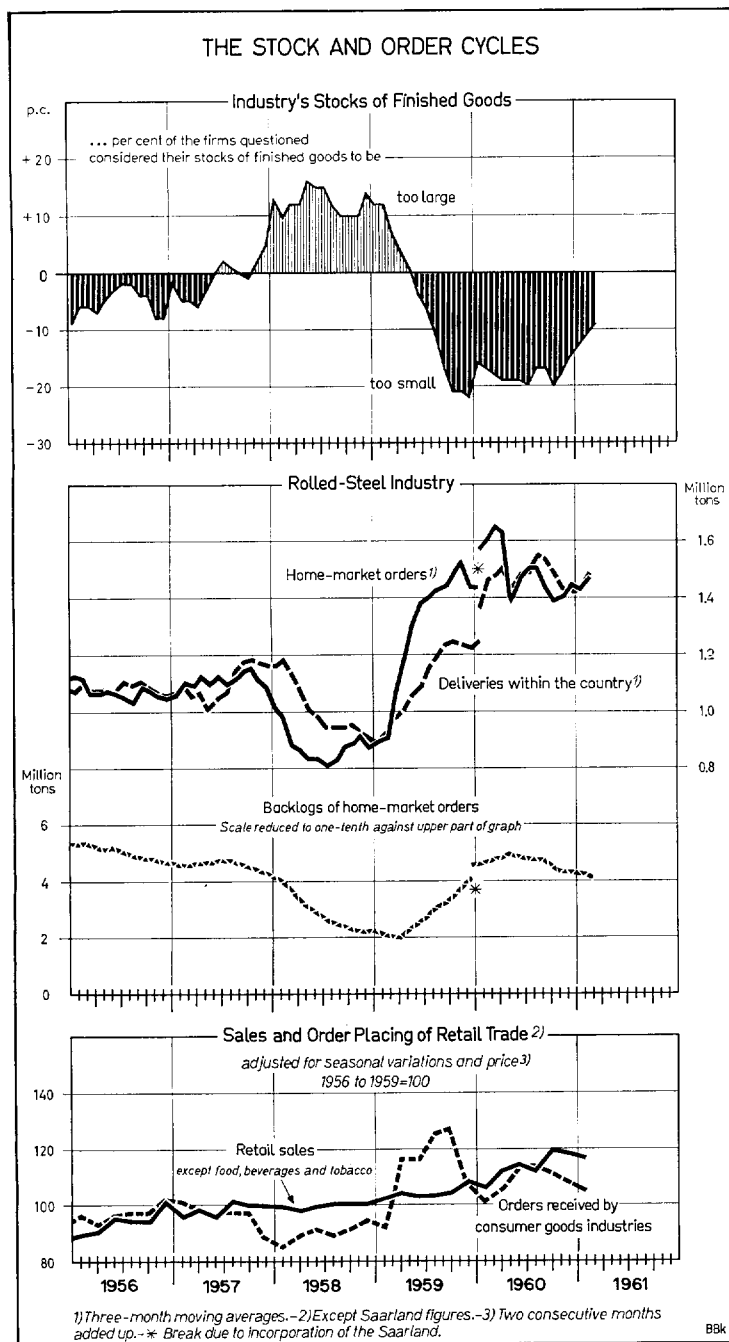
<sup>1)</sup> These figures relate to wage-earners and salaried employees; because of the decreasing proportion of wage-earners to the total number of persons employed in industry a comparison confined solely to wage-earners (production per man-hour and hourly wages) would make the movement in productivity seem unduly favourable.

DM 14.8 billion; but in percentage terms, at 5.0 per cent, this rise fell appreciably short of that in disposable income. The saving ratio, that is the proportion of saving to disposable income, declined from 8.7 and 8.9 per cent in 1958 and 1959 respectively to 8.6 per cent in 1960. The data for recent months indicate, however, that the slight decrease of the saving ratio observable for 1960 has at least not gone further.

Because of the slight decrease in the saving ratio total private consumption rose somewhat more in 1960 than the disposable income of private households, namely by 9.7 per cent as against 9.3 per cent. Measured by the previous years' movement this represents a substantial quickening, since consumer expenditure had increased in 1958 and 1959 by only 7.4 and 6.8 per cent respectively. The rise in consumption was the more noteworthy since from the summer of 1960 onwards, because of the fall in food prices, the growth of expenditure on food became appreciably slower than in the previous year. All the greater, on the other hand, was the increase of consumer expenditure in the other categories. The expenditure on services of all kinds, on clothing and on other industrial consumer goods rose by more than the average. There was furthermore a particularly large increase in expenditure on rent, because the coming into force of the Law on the Removal of Housing Control at the beginning of July 1960 entailed the raising of rents for pre-currency-reform dwellings as well as of some rents in publicly assisted housing. In some spheres the growth of consumer demand definitely exceeded the possibilities of expanding supply. That applies not only to service-rendering, where because of the small opportunities for rationalisation the labour shortage has in some cases been particularly evident, but also to industrially produced consumer goods. While the degree to which production facilities were employed in the industries producing consumer goods was nevertheless smaller than in those producing capital goods, this was in general due to the labour shortage, which prevented fuller use of capacities. There was no question, however, of inadequate demand in that sphere (apart from some industries which are structurally weak and especially exposed to foreign competition), as is shown if only by the fact that prices rose. The shortage of labour was incidentally aggravated in some of the consumer goods industries by the fact that, because of the wage differential, many workers left them and went to the basic and capital goods industries where higher wages are paid. By substantial wage increases an attempt was made, it is true, to reduce the wage disparities; but in that respect only isolated successes were achieved, because in most of the industries competing for workers wages were raised no less. This reflects with particular clarity the reciprocal effect which exists, where there is general excess demand, as between the shortage in the labour market, the quickening of the rise in wages and consumption, and the "wage-wage spiral" thereby induced. For the appraisal of private consumption as a factor in the overall trend the fact that it rose less in 1960 than the total national product, and that therefore the proportion of private consumption to this latter declined from 58.1 per cent in 1959 to 57.3 per cent in 1960, is of small importance. So long as it is not possible to reduce the demands made by investment, Government consumption and foreign markets on the supplies available within the country so much as to secure private consumption a margin wide enough to cover the demand for goods resulting from the rise in incomes, private consumption will tend to contribute towards maintaining the general excess demand just as much as do the other expansive components of demand as a whole.

#### *(d) Slackening in Ordering for Stock*

While overall ultimate demand increased faster all round in 1960 both on the side of consumption and on that of investment and exports, the movement in ordering for stock during 1960 — unlike 1959 — tended if anything to slow down economic activity. It is true that in the figures for changes in inventories, as estimated in the National Accounts, this is not reflected; on the contrary, those figures show for 1960 an increase of stocks by DM 6.2 billion as against DM 4.6 billion in the previous year. There was however some



slackening in the replenishment of stocks as reflected in the orders reaching suppliers, as a rule from the moment when it became apparent that if orders were maintained at their previous volume the stocks would assume an unwarranted size by comparison with sales. This became clearly evident at an early date in connection with steel. Because of the large orders which had been placed in 1959, and which had then greatly exceeded current consumption, the stocks of rolled-steel finished products in the capital goods industries grew considerably during the first three quarters of 1960. At the end of October in that year, according to calculations by the Rhenish-Westphalian Institute for Economic Research, they were greater by 19 per cent than at the end of 1959. Months previously, however, these industries had begun to cut their orders down; accordingly their current intake of rolled steel declined below the level of the steadily rising consumption, so that from November 1960 onwards their stocks of rolled steel slightly declined. It does not however look as though this would be a process of long duration; since January 1961 indeed the home-market orders reaching

the rolled-steel industry have again shown a slightly rising tendency.

Much the same, although in lesser degree, took place in connection with other raw materials such as cellulose, paper and chemicals. Especially where domestic raw material prices depend on the course of world markets the downward trend of prices on these latter is likely to have caused a certain restraint in ordering for stock. In the course of 1960 there was however, not least, a change in the placing of orders by traders as well. After the sharp increase of ordering by the consumer goods industries between the spring and autumn of 1959 there followed at the beginning of 1960 a period in which the giving of orders was considerably reduced. Although it rose again in the further course of the year, it nevertheless remained within narrow limits as measured by the vigorous rise of ultimate sales. It is accordingly evident that traders, like many

of the manufacturing industries, remain inclined to caution in ordering for stock. For the economy as a whole these tendencies are important inasmuch as they indicate that enterprises in these categories expect no appreciable further increase of market tensions, especially in regard to delivery periods.

### 3. Prices

The statistical picture

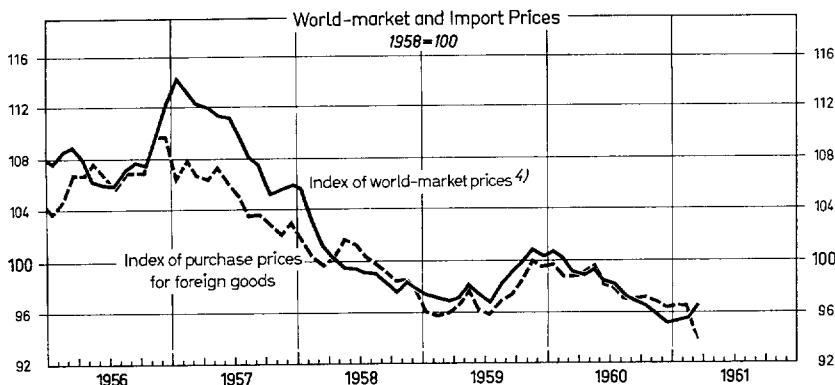
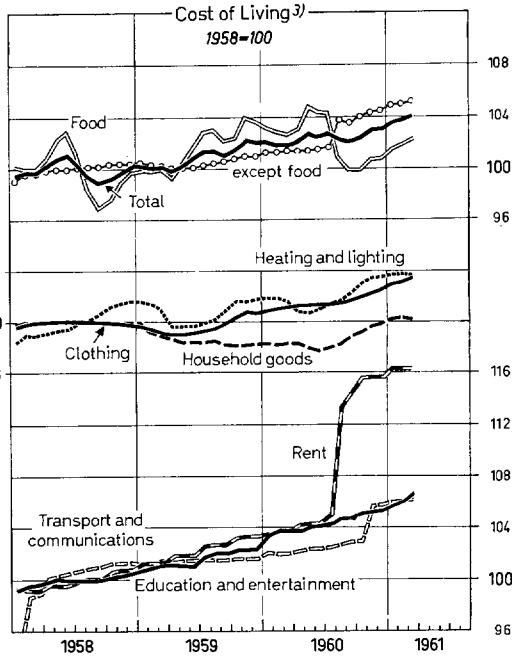
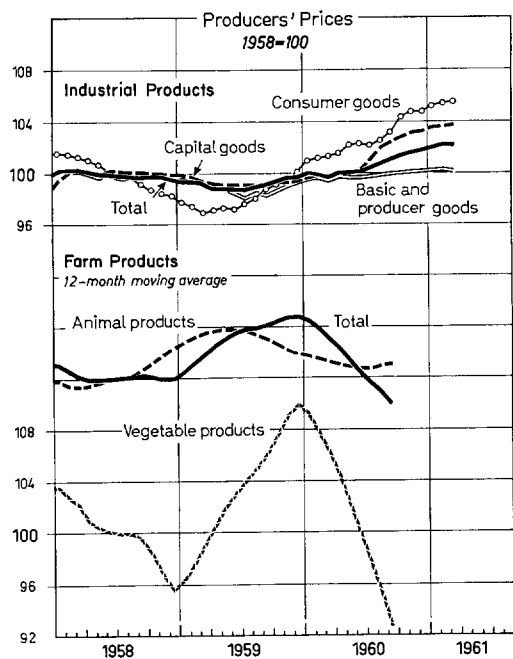
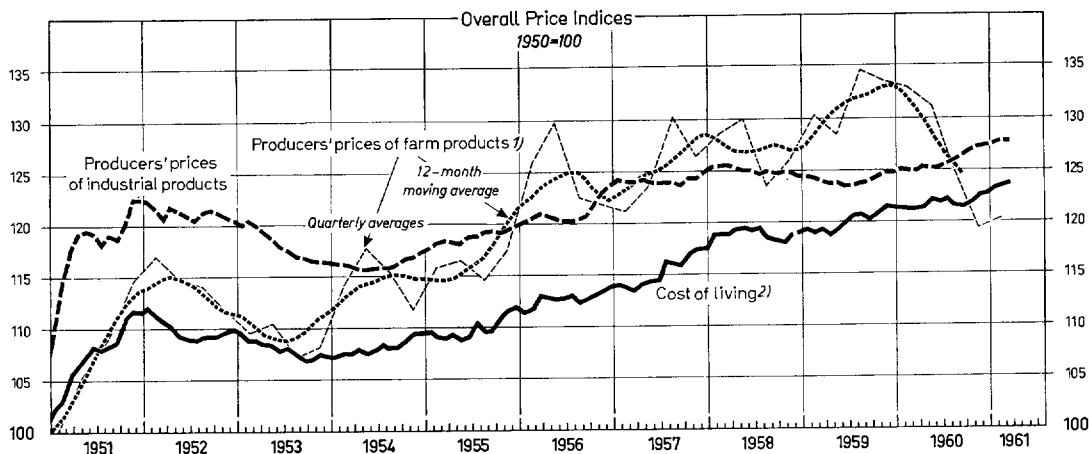
By reason of the constant excess of demand over total supply the price trend in the Federal Republic during 1960 and the months so far elapsed of 1961 has been upward. As already mentioned, the so-called price index for the national product, which includes not only the prices for consumer and capital goods but also those for services, rose by more than 3 per cent in 1960 by comparison with the previous year. The lead was taken by the price increases in the building market. The price index for building work on dwelling houses, which may be regarded as approximately representing the trend of prices in building as a whole, was higher by 7.6 per cent on the 1960 yearly average than in the previous year; an important factor in this connection was the rise in the cost elements, especially in wages and in the increasingly heavy costs incidental to these. In the areas where most building is done the price rises appear in general to have been greater still. Among industrially manufactured products the price rises also predominated. On the average for 1960 producers' prices for industrial products were up in comparison with the previous year by 1.4 per cent. The greater part of this rise took place in the second half-year, as shown by the fact that in December the index was above the level of a year earlier by 2.0 per cent. In the months from January to March 1961 it rose by a further 0.4 per cent. But the overall index reflects only in reduced form the extent of the cyclical price rise, because owing to special influences which will be described later the producers' prices in the basic industries rose during 1960 by only 0.8 per cent, while those in the food industries remained constant and those in mining declined by 0.9 per cent. On the other hand the typical industrial finished goods rose much more in price. At the end of December 1960 the producers' prices in the capital goods industries were higher than a year earlier by 4.0 per cent, and those in the consumer goods industries by 4.7 per cent; between January and March they rose by a further 0.5 and 0.7 per cent respectively. Price increases of such an order had already occurred in these categories in earlier boom years, it is true; but then the prices of the primary products, especially those of coal and steel, had also risen considerably — whereas in 1960, as already mentioned, in many industries they showed a generally falling tendency. The movement of prices in agriculture also ran contrary to the general trend. Producers' prices for farm products were lower by 3.6 per cent on the average for 1960 than in the previous year; towards the end of 1960 they were below their level of a year earlier by 10.6 per cent. The result was that the cost of living did not rise by so much in 1960 as was to be expected in view of the cyclically induced price rises in industry. On the average for 1960 the cost-of-living index, newly calculated by the Federal Statistical Office on the basis of 1958, rose by altogether 1.5 per cent. At the same time the cost of living excluding food rose by 2.1 per cent, while food costs on the other hand did so by only 0.6 per cent. The influence of food prices was especially marked towards the end of the year. In December 1960 they were below their level of a year before by as much as 2.8 per cent; prices for the remaining consumer goods and for services were on the other hand above their then level by 3.5 per cent, so that the overall cost of living rose by 1.0 per cent.

The influence  
of declining  
agricultural prices

In the sphere of private consumption the decline in agricultural prices thus largely offset the price rises on the remaining markets. This influence is indeed perhaps reflected somewhat overstrongly in the cost-of-living index, since the weight assigned therein to food prices applies only to the category of the four-member employed person's household with a single earner, that is with a relatively low per capita income. In all households with a higher per capita income, on the other hand, the compensating effect of the fall in food prices was smaller. Regarded in itself, it is true, the fall in agricultural prices was considerable. Because of the abundant harvest the



## PRICES IN THE FEDERAL REPUBLIC



1) Original basis 1950/51=100. - 2) For consumers in medium income group; from December 1958 onwards new index (1958 weighting scheme) linked up with former index (1950 weighting scheme). - 3) For consumers in medium income group, weighting scheme according to 1958 consumer habits and prices. - 4) Index of Hamburgisches Welt-Wirtschafts-Archiv.

BBk

prices for potatoes, fruit and green vegetables for instance were from August 1960 onwards lower by an average of 40 per cent than a year before; they accordingly depressed the prices for products of vegetable origin as a whole down to their lowest level since 1954. This not only cancelled out the large 1959 price rises, due to the poor harvest, but also the price rises of the years 1955 to 1958. Prices for products of animal origin also declined during 1960, although only slightly. At the end of 1960, at 124 per cent of what they had been in 1950/51, they were 0.9 per cent lower than at the end of 1959 and little higher than at the end of 1957. Of late indeed it has looked as though in that category the period of price falls had ended; in the first three months of 1961 the prices for products of animal origin have not fallen so much as was to be expected according to the seasonal tendency. The reason why the prices for products of vegetable origin on the other hand rose less than seasonally during that period may be that, as shown by experience, a good crop favourably affects the price movement until the new crop becomes available. The future movement of the overall price level will therefore depend in no small degree on the outcome of the next harvest; but even if this should again be large, one can hardly expect that agriculture will once more exert so strong a retarding influence on the overall price movement as last year.

... and of falling world market prices

The domestic price movement was also favourably affected last year by the world market price tendency, which then, unlike earlier boom periods, ran contrary to German prices. In particular the prices on international raw material markets declined throughout 1960; according to the index of the Hamburgisches Welt-Wirtschafts-Archiv they fell from December 1959 to December 1960 by over 5 per cent. In the Federal Republic's imports the prices of raw materials did not however produce so great an effect as those of semi-finished and finished goods; but as already indicated the prices for imported goods in these categories also declined slightly during 1960, and thereby contributed towards absorbing internal price rises or preventing them from being fully reflected in the domestic price movement. This influence was further strengthened by the revaluation of the D-mark. At all events for German importers there was a fall, by the revaluation ratio, in all products traded on international commodity markets in dollars, sterling or any other currency not revalued. In the case of the remaining imports there were also price falls, as reckoned in D-marks, although not always to the full extent of the revaluation ratio. For the purpose of forming a reliable judgment regarding the effects produced on the internal price level through the cheapening of imports due to the exchange rate alteration, the experience so far is too brief, it is true; indications are however increasing to the effect that hopes for a substantial slowing of the upward price movement are not unjustified.

### III. Monetary Trends

The expansion of domestic bank lendings

Under the influence of the expansive cyclical forces, as described, the business community's need of funds for financing purposes considerably increased in 1960. As usual, this was above all reflected in a very keen demand for bank credit. According to the consolidated condition statement for all credit institutions (see the table on page 29) the increase in the West German banking system's total granting of credit to resident non-bank customers (including acquisition of securities) amounted last year to about DM 17.3 billion — against, it is true, more than DM 18 billion in 1959, and only a little over DM 12½ billion in 1958. In the first quarter of 1961 also the expansion of domestic lendings remained very considerable, reaching over DM 5.2 billion against about DM 4.1 and 2.7 billion in the corresponding period of the two previous years respectively.

Closer analysis of these overall figures shows that, just as in the preceding years, the Bundesbank had only a very small part in the expansion, since in the main only the Federal Government had recourse to it — within the special credit limit therefor assigned by law — for the

purpose of meeting obligations towards international institutions, while there was actually a net decrease in the Bundesbank's other short-term claims (mostly arising from open-market transactions) on German non-banks. At the credit institutions covered by the monthly banking statistics the expansion of short-term lendings, unlike that of credit as a whole, quickened considerably last year. It amounted in 1960 to over DM 5.4 billion, being thus nearly 2½ times as great as the roughly DM 2.3 billion in the previous year. On the other hand the medium and long-term credit granted to German non-banks, mostly by real-estate credit institutions and savings banks (included among the institutions rendering monthly returns), rose by less in 1960 than in the previous year, namely by about DM 11¾ billion as against DM 13½ billion in 1959 and something over DM 10½ billion in 1958. Even more marked was the cut in credit institutions' buying of securities. As is shown by the table on page 29, the banks' securities and syndicate holdings which originate from German non-banks' issues (and are therefore counted among the bank credit extended to such issuers) increased only slightly in 1960 after having risen by about DM 1.6 and 1.7 billion respectively in 1959 and 1958. The fact that the banks at the same time greatly curtailed their acquisition of German bank bonds, by which only an "interbank claim" is established (their holdings of such securities rose by only about DM 330 million, that is by just under one-tenth of their rise in both the preceding years), compelled the issuing institutions to adjust their longer-term lending business to the possibilities — as thereby reduced — of obtaining funds in the security market. The slowing in the growth of longer-term lendings, as mentioned above, is partly explained by this. Apart from that it may have seemed advisable to many borrowers on interest-rate grounds to incur debt for the moment only at short term, and to leave the consolidation of their bank liabilities to a time when the terms in regard to interest and issuing would be better.

Corresponding to this (as may be remarked here in parenthesis) was the fact that the total funds procured through the security markets in 1960 fell well short of the totals in the two preceding years, this being due to the above-mentioned fact that the banks practically ceased to buy securities, whereas in those years they had been the chief takers. Altogether in the past year new securities were placed to a total extent of only DM 7.3 billion (gross) against DM 11.1 billion in the previous year and DM 9.3 billion in 1958, all these amounts being at par value. If one confines the comparison to the amounts found solely on behalf of German debtors through the security market (that is the gross placing of domestic securities, less repayments and repurchases), and bases the calculation on issue values, one arrives for 1960 at an accrual of DM 6.9 billion as against more than DM 9.5 billion in 1959. At about DM 4.1 billion in 1960 the net sale of domestic fixed-interest securities was indeed only something over half as great as the previous year's total of about DM 7.8 billion, while at nearly DM 2.8 billion the placing of domestic shares was appreciably above the corresponding amount of DM 1.7 billion for 1959. The fact that it proved possible to increase the sale of shares is probably due in the first place to the share boom which continued until the late summer of 1960 (sharply contrasting with the movement of prices on the bond markets), and which not only maintained the public's interest in acquiring shares, but also enabled issuers to effect capital increases at prices well over par. Most of the share placing accordingly occurred in the first three quarters of the year. During that period the credit institutions actually enlarged their holdings of stock-exchange dividend-bearing securities, whereas they only slightly increased, and at times actually reduced, their bond holdings.

Of the total net sale of domestic securities in 1960 the banks accordingly took only the very modest amount of not quite DM 0.4 billion, as compared with almost DM 4.5 billion in 1959, when they had taken nearly one-half of all the securities placed. The gap created by the absence of the banks was however partly filled by foreign purchasers, who saw mainly in German bonds an investment which bore good interest, and which moreover as regards the exchange rate entailed no risk or even offered a prospect of gain. The net amount of German bonds and shares

In parenthesis:  
the financing through  
the security markets

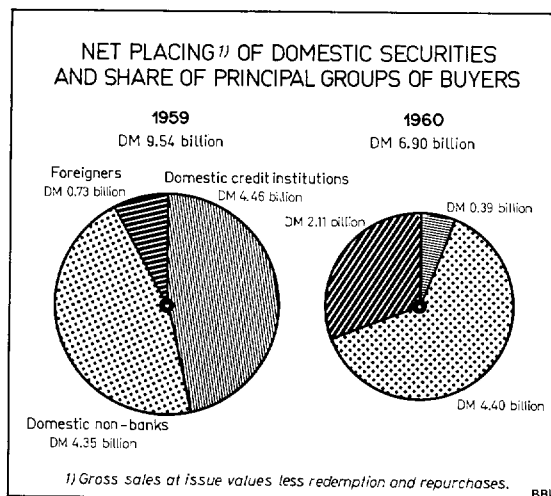
acquired by foreigners in 1960 was about DM 2.1 billion; it was thus almost three times as great as in 1959. The net sale of securities to German non-banks, on the other hand, was remarkably well maintained in 1960. At about DM 4.4 billion it was slightly greater than in 1959, a rise in share purchasing from not quite DM 0.8 billion in 1959 to almost twice as much at DM 1.5 billion in 1960 being accompanied by only a relatively moderate reduction of bond buying, from not quite DM 3.6 billion to DM 2.9 billion.

In the first months of 1961 the amount of funds raised through the security markets increased again. Reckoned at issue values,

and with allowance for the simultaneous repayments and repurchases or re-placings, the total amount raised by the sale of domestic securities in the first quarter of 1961 was about DM 4.0 billion. It was thus greater by over a half than the DM 2.4 billion in the corresponding period of the previous year; it exceeded the amount for the first quarter of 1959 by more than DM 1.1 billion. This result was however materially affected by the fact that in January a large part of the proceeds of the development aid loan which industry had offered to the Federal Government came in; some DM 860 million of the amount accruing came from this special issue. A further noteworthy fact is that foreigners' buying of securities remained considerable (altogether in the first quarter of 1961 more than DM 0.7 billion of German securities passed, on balance, into the hands of non-residents), and that from the beginning of the new year onwards domestic credit institutions again appeared on a larger scale as buyers of fixed-interest securities.

Also very notable in 1960 was the monetary capital formation at banks from domestic sources (which coincides with the provision of funds "through the security market" only in relatively small part, namely in so far as non-banks acquire bonds issued by credit institutions). In 1960 it amounted to nearly DM 16.2 billion, being thus greater than in 1959 by about DM 1 billion and greater than in 1958 by as much as over DM 4.5 billion; and in the first quarter of 1961 it totalled fully DM 6.5 billion as against DM 3.9 and 3.4 billion respectively in the corresponding periods of the two preceding years. The difference from the previous years is indeed somewhat smaller if, because of their relatively high liquidity, domestic non-banks' shorter-term time deposits (fixed for up to 6 months) are not counted as part of monetary capital formation. For 1960 the amount then becomes something over DM 15.9 billion, as against not quite DM 15.1 billion and DM 12.1 billion in 1959 and 1958 respectively. For the first quarter of 1961, on this narrower definition of monetary capital formation, the comparable figures are roughly DM 6.6 billion against respectively DM 3.7 and 3.6 billion in the corresponding periods of the two previous years. Here it must be borne in mind that the figures for the first quarter of 1961 contain the countervalue of the subscriptions paid in that period for the development aid loan, because the Federal Government, which acts as issuer, transferred the monies in question as a loan to the Reconstruction Loan Corporation, which is one of the banks rendering monthly returns.

The largest item in the banks' monetary capital formation was, as usual, the addition to residents' savings deposits. Although at DM 7.96 billion that addition was somewhat smaller than the DM 8.15 billion in the previous year, it was substantially greater than the DM 6.74 billion in 1958. A certain preference by savers for other forms of investment, as well as the fact



Monetary capital formation at banks from domestic sources

Money Supply \*)

Increase (+) or decrease (—) in millions of DM

Items	Yearly figures				Quarterly figures				
	1957	1958	1959	1960	Year	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.
I. Bank lendings to German non-banks, total	+ 9,983	+12,542	+18,096	+17,307	1959 +2,682 1960 +4,068 1961 -5,241 <sup>P)</sup>	+4,761	+4,260	+5,500	+5,153
(1) Short-term lendings (including holdings of domestic Treasury bills and non-interest-bearing Treasury bonds but excluding "mobilisation paper" <sup>1)</sup> ), total	+ 2,588	+ 301	+ 3,003	+ 5,512	1959 - 171 1960 +1,462 1961 +1,817 <sup>P)</sup>	+1,243	+1,387	+ 994	+ 937
of which:									
Credit institutions (except Bundesbank)	+ 2,724	+ 91	+ 2,316	+ 5,447	1959 - 12 1960 -1,577 1961 +1,893 <sup>P)</sup>	+ 498	+1,432	+1,173	+ 633
Bundesbank <sup>2)</sup>	- 136	+ 210	+ 687	+ 65	1959 - 183 1960 - 115 1961 - 76	+ 745	- 45	- 179	- 304
including:									
Special credits to Fed. Govt. for meeting its obligations to I.M.F., I.B.R.D. and European Fund <sup>3)</sup>	( - )	(+ 271)	(- 549)	(+ 177)	1959 ( - ) 1960 (+ 37) 1961 (+ 181)	( - )	(+ 89)	(+ 4)	(+ 47)
(2) Medium and long-term lendings to German non-banks	+ 7,234	+10,544	+13,479	+11,743	1959 +2,374 1960 +2,307 1961 +3,276 <sup>P)</sup>	+3,069	+2,973	+4,026	+4,010
(3) Holdings of German securities and syndicate participations (except bank bonds <sup>4)</sup> )	+ 161	+ 1,697	+ 1,614	+ 52	1959 + 479 1960 + 299 1961 + 148 <sup>P)</sup>	+ 449	- 100	+ 480	+ 206
II. Formation of monetary capital at credit institutions out of domestic sources, total	+13,557	+11,598	+15,187	+16,170	1959 +3,378 1960 +3,928 1961 +6,527 <sup>P)</sup>	+2,728	+3,172	+3,486	+5,595
(1) Residents' savings deposits <sup>5)</sup>	+ 5,085	+ 6,737	+ 8,146	+ 7,960	1959 +2,223 1960 +2,115 1961 +2,422 <sup>P)</sup>	+1,650	+1,359	+1,661	+2,612
(2) Residents' time deposits, total	+ 3,565	+ 1,013	+ 1,678	+ 1,040	1959 + 119 1960 + 628 1961 + 994 <sup>P)</sup>	+ 32	- 188	+ 641	+ 886
including:									
at notice or fixed period of 6 months or more	(+ 1,960)	(+ 1,494)	(+ 1,549)	(+ 794)	1959 (+ 336) 1960 (+ 364) 1961 (+1,026 <sup>P)</sup>	(+ 404)	(+ 370)	(- 237)	(+ 572)
(3) German bank bonds in circulation (except those held by credit institutions <sup>6)</sup> )	+ 969	+ 1,057	+ 2,744	+ 3,118	1959 - 846 1960 - 710 1961 -1,155 <sup>P)</sup>	+ 506	- 600	+ 637	+ 755
(4) Monies and loans taken from German non-banks at longer term	+ 3,093	+ 1,667	+ 1,246	+ 2,636	1959 - 174 1960 + 84 1961 +1,489 <sup>P)</sup>	+ 159	+ 854	+ 218	+1,043
(5) Capital and reserves according to Art. 11 German Banking Law	+ 845	+ 1,124	+ 1,373	+ 1,416	1959 + 364 1960 + 391 1961 + 467 <sup>P)</sup>	+ 381	+ 547	+ 329	+ 299
III. Net claims on foreign countries (Bundesbank and other banks)	+ 5,066	+ 4,218	- 261	+ 6,169	1959 -1,527 1960 + 313 1961 +2,970 <sup>P)</sup>	+ 157	+1,992	+ 8	+1,101
note: Influx of funds (+) into the economy due to foreign exchange transactions <sup>7)</sup>	(+ 7,833)	(+ 6,816)	(+ 5,699)	(+ 9,541)	1959 (+1,202) 1960 (+1,612) 1961 (+3,936 <sup>P)</sup>	(+1,142)	(+2,698)	(+1,528)	(+1,827)
IV. Note and coin circulation <sup>8)</sup> and sight deposits of German non-banks (except German public authorities' Central Bank deposits)	+ 3,918	+ 4,771	+ 4,685	+ 3,408	1959 - 405 1960 -1,272 1961 -1,624 <sup>P)</sup>	-1,705	+1,349	+1,319	+2,066
of which:									
Note and coin circulation <sup>8)</sup>	+ 1,585	+ 1,479	+ 1,429	+ 1,428	1959 + 87 1960 + 121 1961 + 809	+ 406	+ 506	+ 554	+ 382
Sight deposits	+ 2,333	+ 3,292	+ 3,256	+ 1,980	1959 - 492 1960 -1,393 1961 -2,433 <sup>P)</sup>	+1,299	+ 843	+ 765	+1,684
V. Central Bank deposits of German public authorities <sup>9)</sup> as well as mobilisation paper sold to such authorities	- 2,726	- 671	- 2,686	+ 2,304	1959 -2,237 1960 + 839 1961 -1,2717	- 370	+ 745	+1,025	- 65
VI. Residents' time deposits at notice or fixed period of less than 6 months	+ 1,605	- 481	+ 129	+ 246	1959 - 217 1960 - 264 1961 - 32 <sup>P)</sup>	- 372	- 558	+ 404	+ 314

\*) The data in this survey relate to the area of the Federal Republic including Berlin (West), from December 1959 onwards also including the Saarland. They are based on the "Consolidated Condition Statement for the Credit Institutions including the Deutsche Bundesbank" (see Table I 1 of the Annex). Apart from the "consolidation" of the figures for the credit institutions and those for the Bundesbank, one peculiarity for the purpose of this table lies in the fact that assets and liabilities in respect of foreign countries — except for DM notes and coins and bank bonds held by foreigners, which cannot be ascertained — have been summed up in one overall net total and are, therefore, not contained in any of the other items. — <sup>1)</sup> I. e., Federal Treasury bills and non-interest-bearing Treasury bonds deriving from exchange for a corresponding partial amount of the Bundesbank's equalisation claim, the taking of which paper by the banks does not represent any additional granting of credit to non-banks. — <sup>2)</sup> Apart from the special credits to the Federal Government listed below, this item mainly contains the cash advances granted as book credits by the Bundesbank to public authorities, and the credits granted by the taking into the Bundesbank's portfolio of Treasury bills and non-interest-bearing Treasury bonds (other than mobilisation paper). — <sup>3)</sup> These credits granted in accordance with Art. 20 par. (1) item 2 of the Bundesbank Law imply the taking of foreign exchange from the Bundesbank and in so far do not directly affect the domestic circulation of money. — <sup>4)</sup> Banks' holdings of other banks' bonds do not represent any immediate granting of credit to non-banks but form part of inter-bank indebtedness. — <sup>5)</sup> Amounts credited as currency conversion compensation for expelled persons or as compensation for holders of old savings are taken into account only in so far as covering claims on the Equalisation of Burdens Fund were redeemed. — <sup>6)</sup> Set off against the credit institutions' holdings of their own and other banks' bonds; bonds issued under the compensation scheme for holders of old savings are taken into account only in so far as covering claims on the Equalisation of Burdens Fund were redeemed. — <sup>7)</sup> Change in banks' net claims on foreign countries after elimination of public authorities' net foreign payments (only actual payments out of credit balances and borrowing, excluding guarantees granted and credits opened), as well as the Bundesbank's interest income on its foreign investments. — <sup>8)</sup> Excluding the credit institutions' cash holdings, but including DM notes and coins held abroad. — <sup>9)</sup> Including, until end-1958, deposits of agencies of the former occupying powers. — <sup>P)</sup> Provisional.

that in 1960 — unlike previous years — the savings deposits carrying tax privileges and premiums rose little further on balance, was a main reason for the reduction. During 1960 residents' time deposits as a whole also increased by less than in the previous year, namely by DM 1.04 billion against DM 1.68 billion in 1959 and DM 1.01 billion in 1958. During the past year the longer-term time deposits (fixed for 6 months and more) rose by not quite DM 0.8 billion, that is by only a little over half as much as the rises of DM 1.55 billion in 1959 and DM 1.49 billion in 1958. On the other hand in 1960 the proceeds from the net sale of bank bonds (including medium-term notes issued by banks, but excluding placings at German credit institutions) rose somewhat, namely to about DM 3.12 billion as compared with DM 2.74 and 1.06 billion respectively in 1959 and 1958, because, as already mentioned, resident non-bank customers continued to show a good deal of interest in such investments, while under pressure of the liquidity restriction in 1960 the credit institutions on balance hardly took any further bonds.

The largest rise by comparison with the two previous years was however that in monies and loans taken at longer term; these are mostly placed at the banks' disposal by public authorities for lending within specified credit programmes. Such liabilities increased in 1960 by about DM 2.6 billion, whereas in 1959 they had risen by only about DM 1<sup>1</sup>/<sub>4</sub> billion and in 1958 by not quite DM 1.7 billion. In this connection, one point to bear in mind is that in both preceding years, especially 1959, under the influence of the downward trend of interest rates many borrowers had made use of their right to repay before maturity official loans (especially ERP loans) obtained earlier on less favourable terms, so that the current new lendings of such monies through the banking system were largely offset by repayments, whereas in the year under report such processes were hardly any longer a factor. Apart from this the extent to which such loans are given on the commitment or joint commitment of credit institutions is in the longer run subject, as experience shows, to certain changes; in recent years for instance credit institutions have been formed specially for the purpose of "transmitting" such monies, although the largest of them has so far not been included among the institutions rendering monthly returns. The above-mentioned increase of domestic "monetary capital formation" at the banks thus took place for the most part not in its "traditional" forms (such as the accrual of savings deposits and longer-term time deposits, or the sale of bank bonds), but was based mainly on the provision of public capital development monies, which were lent out through the banking system.

The "internal" credit expansion in comparison with the monetary capital formation from domestic sources

On calculating the net effect of the increase in the banks' total lending to domestic non-banks together with the simultaneous monetary capital formation from domestic sources (for the present in the wider sense, that is with the shorter-term time deposits included in monetary capital formation), one finds for 1960 an excess of credit expansion by about DM 1.1 billion against roughly DM 2.9 billion in 1959 and something over DM 0.9 billion in 1958. At least by comparison with 1959, therefore, the banking system's "net expansion of credit" inside the country became notably slower last year. It is also remarkable that in the first months of 1961, which were already marked by relaxations of credit policy, this tendency showed little change. In the first three months of the year, for which statistics were available as this Report went to press, the domestic monetary capital formation actually exceeded the simultaneous internal credit expansion by over DM 1.2 billion (or by around DM 1.3 billion with the shorter-term time deposits eliminated) although, as already mentioned, that expansion was once again greater than a year previously. In the first quarter of 1960 on the other hand, as can be seen from the table on page 29, the expansion of credit had exceeded the monetary capital formation on each of the two definitions.

The afflux of funds from abroad

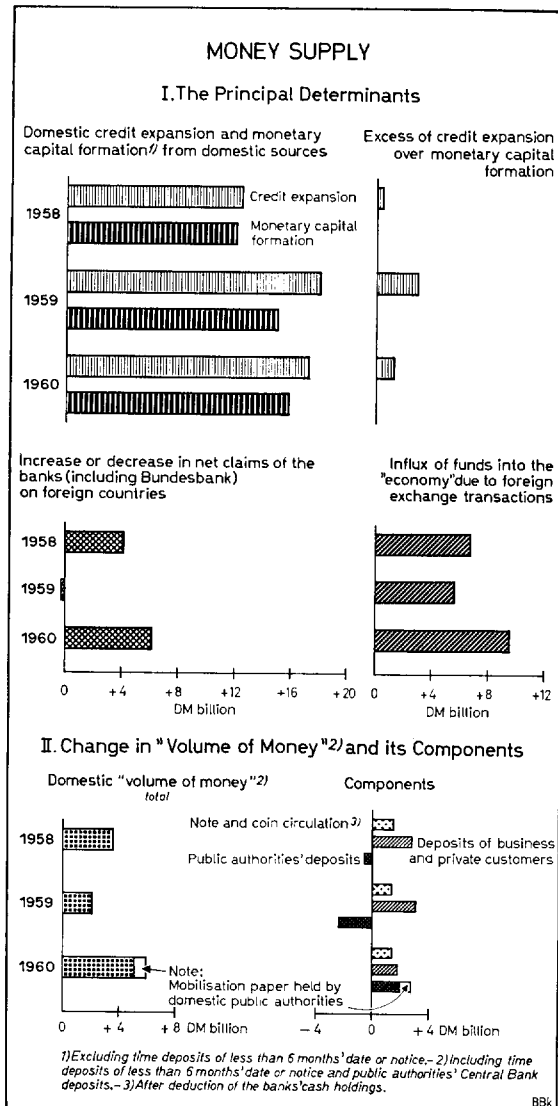
Against the slackening of the internal "net credit expansion", however, there was in the period under report a considerable increase in the afflux of funds from abroad. In the statistics on the money supply (see page 29) this is reflected in the fact that the "banking system's net claims

on foreign countries" (in which all the short, medium and long-term assets and liabilities of the Bundesbank and the other banks in relation to foreign countries are combined in one net total) rose last year by nearly DM 6.2 billion, whereas in 1959 they had declined by about a quarter of a billion DM and in 1958 had risen by over DM 4.2 billion. In the first three months of 1961 the banking system's net foreign assets increased by a further DM 3.0 billion, as compared with a rise by about DM 300 million in the first quarter of 1960 and a fall by roughly DM 1.5 billion in the corresponding period of 1959. Since the shifts as between the foreign exchange holding of the Bundesbank and that of the other banks (resulting for instance from the latter's "money exports" and their "repatriation" of foreign assets) cancel each other out in these "consolidated" figures for the entire banking system, the said figures roughly indicate the non-bank sector's net foreign exchange earnings; or, to be more precise, they state the extent to which the domestic non-banks' foreign exchange sales to the banking system exceeded their simultaneous taking of foreign exchange. Here of course it must be borne in mind that not only business enterprises but also public authorities have to make large foreign payments, and to that extent take part in acquiring exchange from the banking system, in fact almost entirely from the Bundesbank. If one eliminates from the non-banking customers' exchange purchases from the banking system the foreign payments made by the major public authorities (mostly by the Federal Government) out of Central Bank accounts, so as to ascertain the accruals — not offset by official foreign payments — of money to the "economy" as a result of exchange transactions, one arrives at a much greater surplus. It may be put for 1960 at over DM 9.5 billion, against DM 5.7 billion in 1959 and more than DM 6.8 billion in 1958. For the first quarter of 1961 there was an accrual of DM 3.9 billion in comparison with DM 1.6 and 1.2 billion in the first quarters of 1960 and 1959 respectively. Of late therefore the economy's liquidity margin has been increased much more than in the preceding years by the inflow of exchange into the Federal Republic.

On going into the reasons for this one finds that the surplus on "current items" in the balance of payments (that is the surplus on goods and services, less the deficit on donations) was by no means the determining cause. At about DM 5.0 billion the surplus on "current items" in 1960 was greater by only about half a billion DM than in 1959, and was smaller by DM 1.2 billion than in 1958. The cause was rather the reversal in capital transactions with foreign countries — whether (to mention here only the most important factors affecting the economy) foreigners increasingly engaged in the acquiring of German securities, or whether it was that the economy in one way or another borrowed directly abroad. In both the previous years such transactions had hardly been a factor. According to our estimate the economy's borrowing abroad amounted in 1960 to more than DM 5½ billion; over three-quarters of that amount was obtained in the second and third quarters alone. Of this amount the net purchases of German securities by foreigners accounted for not quite DM 2.1 billion; the rest arose from the economy's borrowing effected abroad directly or indirectly (that is on a commitment by German banks), including the shift in the terms of payment in the economy's favour. In the first months of 1961 also the economy's foreign borrowing remained for the time being relatively great. It is estimated to have reached DM 2 billion in the first quarter of this year, being thus more than three times as much as in the corresponding period of last year.

Because of the great excess of the determinants operating to expand the "volume of money" over the contractive influences the money supply again grew considerably last year. True, the degree of growth greatly depends on whether one counts the public monies held at the Bundesbank as part of the "volume of money" or not. If they are left out of account, the expansion in the "volume of money" was smaller than in the preceding years. In fact the total note and coin circulation (less banks' cash holdings) plus resident non-banks' sight deposits but minus German public authorities' Central Bank deposits, which total corresponds to this narrower definition of the "volume of money", rose last year by only about DM 3.4 billion as compared with

Result: the money supply



nearly DM 4.7 billion in 1959 and almost DM 4.8 billion in 1958. If one adds to the "volume of money" on this definition the shorter-term time deposits of resident non-banks, the increase for 1960 becomes DM 3.65 billion against DM 4.8 billion in 1959 and not quite DM 4.3 billion in 1958. The difference from the previous years' figures is then less marked, it is true, but in principle it remains. On these comparisons however it must be borne in mind that even after public authorities' Central Bank balances have been eliminated, as they have in this case, the "volume of money" still includes large amounts of public deposits, namely those of agencies which are permitted to keep their balances wholly or partly at banks other than the Bundesbank. The growth of such deposits was quite appreciably slowed down in the year under report by the fact that the social insurance institutions for the first time invested considerable cash reserves in mobilisation paper of the Bundesbank instead of keeping them as deposits at banks. To no small extent therefore the above-described slowing of the rise in the "volume of money" was due to the providing of public authorities with money-market paper (which will be discussed in detail later), although on the other hand these processes were not the decisive factor. Even more important was the fact that domestic business and private customers' sight deposits at the credit institutions

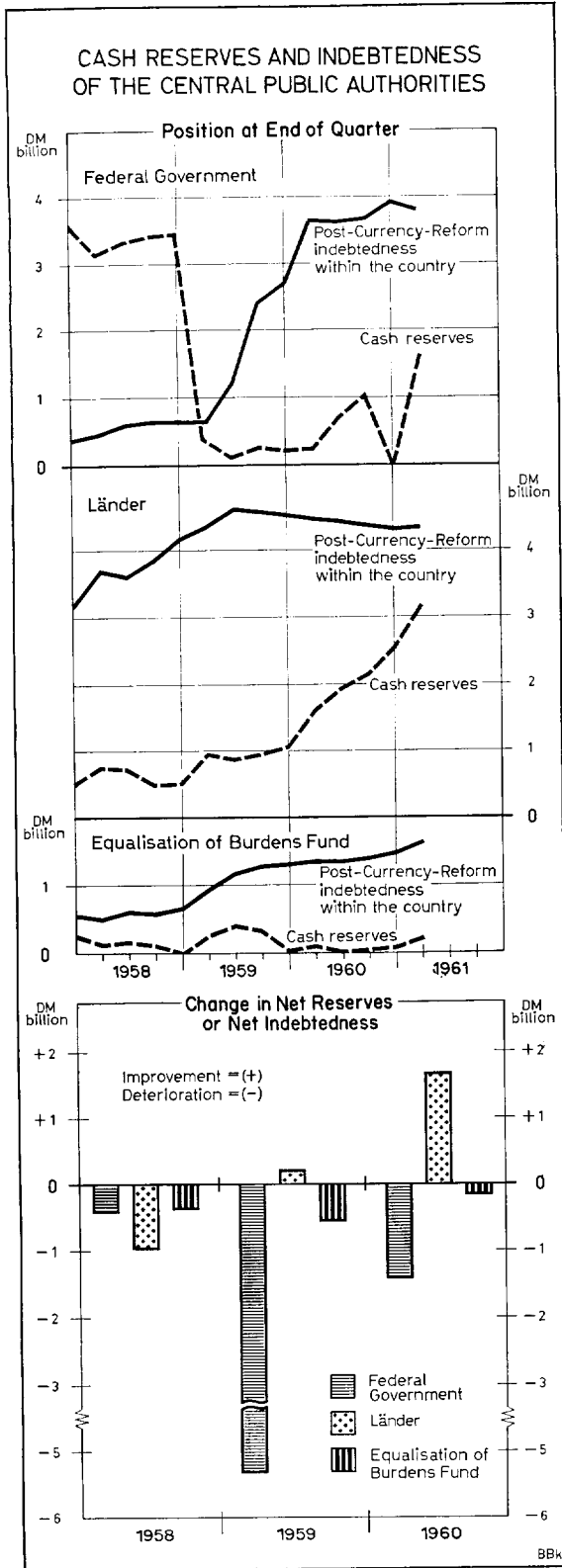
rendering monthly returns, which deposits account for much the greater part of the "volume of money", increased in 1960 by only about half as much as in the previous year — while the amount of circulating notes and coin, mainly in private hands, rose in 1960 by as much as in 1959.

Since on the other hand total turnovers rose faster last year than in the earlier comparable periods, the "velocity of money circulation" again increased, whereas in the preceding years it had regularly declined. In the first months of 1961 the tendency to a slowing in the rise of the "volume of money", excluding public authorities' Central Bank deposits, again continued. The temporary decrease usual at this time in the stocks of money held in the form of cash and of sight deposits at banks amounted in the first quarter of 1961 to about DM 1.6 billion, being thus greater than the DM 1.3 and 0.4 billion in the corresponding periods of the two previous years; the subscriptions paid by industry in January on the development aid loan would seem to have been a material factor in this connection.

Against the relatively slow growth of money holdings in the above-defined narrower sense there was however last year a substantial increase in the public monies concentrated at the Bundesbank, because in particular the major public authorities which are required to hold their deposits there proceeded as a whole to accumulate further considerable balances on their Bundesbank accounts during 1960, whereas in the two previous years they had on balance drawn —

The effect of public authorities' deposits and investments at the Bundesbank





in some cases considerably — on their cash reserves. There was the further fact, already mentioned, that the Unemployment Insurance Fund and the social pension insurance institutions, which do not fall under Article 17 of the Bundesbank Law requiring deposit of the liquid resources at the Bundesbank, on the latter's recommendation invested substantial amounts in its mobilisation paper. While these investments are, in form, in documented claims which are not usually reckoned part of the "volume of money", they are nevertheless to be equated in practice with the major public authorities' obligatory Central Bank deposits. If therefore German public authorities' Central Bank deposits are combined with the mobilisation paper held by such authorities (at the end of 1960 about DM 850 million), one arrives for 1960 at a rise by about DM 2.3 billion after falls by almost DM 2.7 billion in 1959 and by just on DM 0.7 billion in 1958. With the inclusion of these deposits or investments of public authorities at the Bundesbank the total "volume of money" accordingly grew much faster in 1960, namely by DM 5.7 or nearly DM 6.0 billion (according to whether the shorter-term time deposits are included), as compared with increases by DM 2.0 or 2.1 billion in 1959 and by DM 4.1 or 3.6 billion in 1958. In the first quarter of 1961 also the total money holdings continued to rise, because the increase in public authorities' Central Bank balances was greater than the fall in the other components of the "volume of money". During that period however the social insurance institutions' investments in mobilisation paper increased by only a small amount.

This trend is the more noteworthy since the foreign payments of public depositors at the Central Bank last year were again very large, although they did not quite attain the same size as in 1959. Consequently the public authorities' "internally effective" cash surpluses were even greater than is reflected in the above-mentioned figures for the rise in their Central Bank deposits. That primarily

The reduction of the internal money circulation through the cash transactions of the public authorities

applies to the Federal Government, which makes by far the greater part of the foreign payments. Despite an overall deficit on the current cash transactions (including foreign payments), which however at something over DM 1.5 billion in 1960 was appreciably smaller than

the deficit of about DM 5.4 billion in 1959, the Federal Government last year on balance deprived the domestic economy of over DM 2.8 billion (against DM 0.85 billion in 1959 and about DM 2.0 billion in 1958) through the excess of its domestic receipts over its expenditure effected within the country; in the first quarter of 1961 the corresponding amount was DM 2.5 billion. On the whole the contractive effect produced by the Federal Government's cash transactions on the internal money circulation was even greater, because the Federal Government again increased its internal market indebtedness, and a part of the amount borrowed was provided by resident non-banks. On the other hand in view of the substantial rise in their tax revenues the Länder were in general able to refrain from further increasing their internal market indebtedness; in fact they were able to reduce by about DM 200 million their borrowings, mostly effected at German credit institutions. On adding this repayment to the rise in their Central Bank balances, so as to gain a basis for calculating the effect of the Länder's cash transactions on the domestic money circulation, one arrives for 1960 at an amount of nearly DM 1.7 billion which the Länder drew to themselves out of the "internal" money circulation — of course on the assumption that their other credit balances did not change. In the previous year the "internal" cash surplus of the Länder had amounted to some DM 200 million; in 1958 there had actually been an "internal" deficit of almost one billion DM, mainly covered by borrowing from the banks and therefore producing an "expansive" monetary effect.

Arithmetically therefore the Federal Government and Länder together last year "withdrew" more money from "internal" circulation than in the previous years through foreign payments and the increase of their Central Bank balances. With allowance for the Equalisation of Burdens Fund's simultaneous (although only small) cash deficits the total withdrawal of funds amounted in 1960 to almost DM 4.4 billion, against roughly DM 0.5 billion in 1959 and about DM 0.7 billion in 1958. The fact that nevertheless in 1960 the increase in the "volume of money" in the above-defined narrower sense (that is excluding the deposits or investments at the Bundesbank) reached approximately DM 3½ billion was mainly due (apart from the continuing large surplus in the balance of payments on current account) to domestic non-banks' increased borrowing at home and abroad, the total of which may be estimated for 1960 at about DM 22 to 23 billion against DM 17 to 18 billion in the previous year.

## IV. Credit Policy

### 1. Further Tightening of the Restrictions

Credit policy since  
the autumn of 1959

Since the cyclical tensions further increased in 1960, as fully explained earlier in this Report, the Bundesbank found itself obliged to proceed with the restrictive policy introduced in the autumn of 1959 — the more so because bank credit continued to predominate in the financing of the boom and the banks still had substantial liquidity cushions, which permitted them to maintain a high rate of expansion in their lending, or even to raise that rate appreciably in some important lines such as their short-term credit business.

The individual measures which the Bundesbank adopted *up to the spring of 1960* have already been discussed in our last Annual Report. Apart from two increases of the discount rate (by ¼% with effect from 4 September and by 1% from 23 October 1959), as well as a slightly greater increase of the Bank's selling and repurchase rates for the money-market paper in which it deals, they mainly comprised actions to affect liquidity, among which the raising of the minimum reserve requirements was the most important. Up to the time when our last Annual Report went to press at the end of April 1960 the minimum reserve ratios — graded according to the nature and amount of the reserve-carrying liabilities as well as the location of the credit institutions — had been raised in three stages (with effect from November 1959, January and March 1960 onwards) by, in general, 40 per cent of what they had been in October 1959; besides this

the addition occurring from the end of November 1959 onwards in reserve-carrying liabilities to non-residents had been made subject to the highest ratios permitted by law (that is 30 per cent for sight liabilities, 20 per cent for time liabilities and 10 per cent for savings deposits), so as to reduce the incentive for the taking of such deposits. Moreover, the banks' rediscount quotas had been cut, with effect from 1 March 1960, by 10 per cent for amounts up to DM 5 million and by 30 per cent for the amount of the quota in excess of that. A general reduction of the banks' rediscount quotas had been already applied, with effect from 1 October 1959, as part of the revision of the procedure for computing them; it had resulted at that time in reducing the overall quotas by nearly 20 per cent.

Under the influence of these first restrictive measures interest rates had in the spring of 1960 risen appreciably above their mid-1959 level. In the case of the debtor rates charged by the banks in business with their non-bank customers the rise had evidently been somewhat greater than corresponded to the raising of the discount rate (by altogether  $1\frac{1}{4}\%$  up till then), because under the pressure of the gradually more perceptible restriction of liquidity many of the banks had begun wholly or partly to terminate "lower rates" in their lending business, and instead to charge rates of interest more in accordance with the official maxima. By the early summer of 1960 the terms for issues in the bond market had also already notably deteriorated. Thus at 6.3 per cent in April 1960 the average yield on fixed-interest securities placed in the month of issue was above its August 1959 level by 1%. As a result of the various measures affecting liquidity the banks themselves had in the first six to eight months of the restrictive policy lost nearly a third of their free liquid reserves — previously, it is true, unusually large — losing them mainly through the considerable narrowing of the margin available to them for rediscounting, but also through the reduction of their short-term foreign assets and of their holdings of internal money-market paper.

In general however the expansion of credit had continued undiminished, and in some categories had even become a good deal faster. In particular the monthly reporting credit institutions' short-term lendings to resident non-bank customers had risen more rapidly, growing by almost DM 1.6 billion in the first quarter of 1960 as compared with an increase by something over DM 0.6 billion in the fourth quarter of 1959 and virtually no change in the first quarter of that year. Thus for the whole of the first six months of restrictive policy (from the end of September 1959 to the end of March 1960) the expansion of such lendings had amounted to about DM 2.2 billion, which roughly corresponds to three and a half times that for the corresponding period of the previous year. During that period, it is true, the banks' security purchases were only about half as great as in the corresponding period of the years 1958/59; and in the first months of 1960 the expansion of lendings at longer term was only on about the same scale as a year before. But these tendencies to slackening were not enough to offset the great increase of short-term lendings. Consequently, in the first two quarters in which the restrictive course was followed, the total credit expansion exceeded that in the corresponding period of the previous year by over DM 1.7 billion, the difference by comparison with a year earlier rising from something over DM 0.4 billion in the fourth quarter of 1959 to fully DM 1.3 billion in the first quarter of 1960. Even with allowance for the fact that a certain period always elapses before credit policy measures discernibly take effect, and that some of their effects cannot be statistically measured, the data available up to the early summer of 1960 left no doubt that up till then it had not been possible to contain the monetary expansion.

*(a) The Restrictive Measures in the Summer of 1960*

In these circumstances the Bundesbank found itself obliged further to tighten its restrictive policy *in the summer of 1960*. Merely to maintain the pressure exerted up till then on bank liquidity indeed required further action, if the banks' liquidity reserves were not to increase

The monetary situation  
in the early summer  
of 1960

again. Through the current inflow of foreign exchange into the Federal Republic those reserves were in fact being constantly fed more than they were at the same time reduced by the public authorities' cash transactions, by the rise in the note and coin circulation and by the "growth-induced" increase of the minimum reserve requirements. After all, to counteract these "inherent" tendencies to relaxation every time by tightening the liquidity screws also accorded with the Bank's intentions as to interest-rate policy, since its efforts to establish a higher interest rate level could easily have been thwarted by a fresh addition to the banking system's liquidity.

Further raising  
of the discount rate

In any case the Bank also felt that it ought not to refrain from further raising the interest rate level, if an attempt was made at all to master the exaggerated economic activity by means of credit policy. A central feature of the measures which the Central Bank Council decided on 2 June last year to adopt was therefore a further raising of the discount rate, by 1<sup>0</sup>/<sub>0</sub>, to the level of 5<sup>0</sup>/<sub>0</sub>. At the same time the Bank put up its selling rates for money-market paper by between  $\frac{3}{4}$ <sup>0</sup>/<sub>0</sub> and  $\frac{7}{8}$ <sup>0</sup>/<sub>0</sub> according to the life of the paper in question, and expressed its expectation that the raising of its discount rate would be reflected not only in the banks' debtor interest rates but also in their deposit rates.

Defensive measures  
against the inflow  
of foreign money

This step of course increased the danger that the trend of interest rates would depart more from that in foreign countries, with the result of attracting foreign money, which would increase liquidity in the home market and would thereby tend to prevent the desired raising of the internal interest rate level — quite apart from the possibility of directly borrowing abroad. In order to counteract troubles of this kind the Bank therefore adopted certain measures of protection against external influences; first, in agreement with the Federal Ministry of Economic Affairs — jointly responsible in matters of foreign trade and payments — it issued an order forbidding payment of interest on foreigners' money, and secondly it tightened the minimum reserve arrangement for foreign liabilities, so as to reduce at least in the banking sector the incentive to take foreign monies.

As regards, first, the order forbidding payment of interest on foreigners' money, the Bank thereby reluctantly reverted to certain exchange restrictions which had been abandoned only in the previous year. The central feature was the forbidding of interest payments on non-residents' deposits at German banks; this came into force at once for sight deposits, while in the case of time deposits it took effect from the next possible termination date or from the expiry of the fixing period. Further payment of interest was permitted only on savings deposits of physical persons. In addition all transactions were forbidden which might have served to evade the prohibition of interest payment — in particular the sale of money-market paper or bills to foreigners, the conclusion with foreigners of "en pension" dealings in securities, and similar transactions. Apart from this, however, capital transactions with foreign countries, including security dealings, remained free. An attempt was furthermore made to counter any stronger effort by the business sector to bring in foreign monies; this was done by forbidding German banks, with immediate effect, to provide banking security for loans granted by foreigners to resident non-banks. In other respects, however, the economy's right to borrow abroad remained unimpaired.

The purpose of keeping foreign money out was further served by two measures affecting minimum reserves. In the first place the rule which had up till then permitted, in the calculation of minimum reserves, the offsetting of the total of balances at foreign banks and money-market investments abroad against foreign currency deposits was terminated with effect from July 1960 onwards; secondly, customers' drawings on credits opened with third parties abroad became subject to the minimum reserve requirement at the highest rates with effect from the same month, in so far as they exceeded their level of 31 May 1960.

The first measure ended a concession which had been allowed to the banks in view of the fact that it is "sound banking practice" always to keep in respect of foreign currency deposits

an appropriate cover in the same currency, so that for the institutions concerned the accrual of such deposits does not normally add to their freely available liquidity. In the summer of last year however the banks' foreign currency assets as a whole greatly exceeded the total amount of foreign currency deposits kept with them, so that it would have been possible considerably to increase that total without its being necessary to keep minimum reserves on that account. The possibility that banks would try in this way to procure additional liquidity could therefore not be ruled out. Hence it seemed indicated to put the foreign currency deposits on to the same footing as the other reserve-carrying foreign liabilities, that is to make the holdings of such deposits fully subject to the applicable average ratios, and to make any addition to them by comparison with their level at the end of November 1959 subject to the highest ratios permitted by law. The effect was to raise the required minimum reserve in July by about DM 130 million. The second special measure, namely the inclusion of customers' drawings on credits opened with third parties abroad (so far as such drawings were above their level of 31 May 1960) in the total carrying the minimum reserve obligation was less important as a factor in the raising of the minimum reserve requirements in July last year. It was intended in the main — like the order forbidding the banks to provide security for foreign loans — to prevent an increase of borrowing abroad, the more so since there was reason to fear that after the renewed raising of the internal German interest rate level such borrowing might no longer be confined to the financing of imports, but might also be extended to financing in other forms.

So as to increase the pressure on the banks' liquidity and to assist the raising of the interest rate level, as desired at that time, the Bundesbank proceeded in the summer to raise its minimum reserve requirements for domestic liabilities, to apply a renewed cut to the banks' rediscount quotas, and to activate its open-market policy.

The accent in that connection was at first on the measures affecting minimum reserves. As early as the beginning of May last year, with effect from June, the minimum reserve ratios for sight and time liabilities were raised by 15 per cent and those for savings deposits by 10 per cent of their level in October 1959. Through this renewed raising of the ratios to 155 per cent (or in the case of savings deposits to 150 per cent) of what they had been before the change of credit policy the banks were forced in June to increase their minimum reserve balances by upwards of DM 1 billion, that is by somewhat more than the amount by which they had up till then been able to restore their free liquidity reserves after these had reached a low point in March last year.

The restriction of liquidity by way of minimum reserves was carried further in connection with the decision taken on 2 June last year to accentuate the restrictive policy by introducing a special minimum reserve for the addition to reserve-carrying *domestic* liabilities. As basis for calculating the addition to such liabilities their average level on the bank-return dates governing the ascertainment of the required reserve for the months from March to May 1960 was selected; the increase occurring thereafter in the liabilities was made subject from July onwards to the highest rates permitted by law for the reserve to be maintained. The advantage of this arrangement was that it absorbed liquidity above all from those credit institutions which actually showed accruals of it, although the fact had to be accepted that some institutions, whose domestic liabilities had for a time during the reference period been at an exceptionally low level, were hit relatively harder than banks where deposits showed a more even course — a consequence which the Bundesbank counteracted by special arrangements in particularly difficult cases.

However, the total charge to which the banks were subjected by the special minimum reserve on the addition to their liabilities to residents remained within relatively narrow limits if only because, in accordance with the highest rates allowed by law for the minimum reserves — 30 per cent for sight liabilities, 20 per cent for time liabilities and 10 per cent for savings deposits — in each case only a part of the addition to liquidity could be drawn off. While however in the five months from July to November 1960 the reserve required of credit institutions (including

General measures  
for further reducing  
the liquidity margin . . .

. . . by again raising  
the minimum reserve  
requirement

the Postal Cheque and Postal Savings Bank Offices) only rose by not quite DM 0.9 billion (against roughly DM 3.0 billion in the period from February to June and DM 4.0 billion from January to June), that was in part also due to the fact that after June 1960 there was no further general raising of reserve ratios, and that from then onwards the growth of liabilities carrying the minimum reserve requirement became notably slower. The main reason was that during that period, as already mentioned elsewhere, the major public authorities achieved large cash surpluses on their domestic transactions, while the social insurance institutions put large sums into mobilisation paper of the Bundesbank, so that the growth of domestic deposits kept at the other banks was greatly slowed. Still, the special reserve to be maintained for the growth in liabilities ensured that of the remaining additions to liquidity a larger part was sterilised than would have been the case at the normal reserve ratios.

... by further cutting  
the rediscount quotas

An additional measure designed to reduce the banks' liquidity reserves was the further cut in their rediscount quotas, also ordered on 2 June 1960 with effect from 1 July in that year. With the inclusion of the overall cut in the quotas which had become effective on 1 October 1959 (in connection with a fundamental revision of the procedure for determining them) this was the third measure of that kind. Its effect was to reduce the rediscount quotas by a further 5 per cent for their amount up to DM 5 million, and by a further 10 per cent for the rest of their amount. Together with the previous reduction (ordered with effect from 1 March) the cut now amounted to 15 or 40 per cent, according to whether the quotas or parts of quotas lay within the DM 5 million limit or went beyond it. The total amount of the fixed rediscount quotas which, because the procedure for determining them is linked with the banks' liable funds, always shows a certain — if only moderate — "growth-induced" increase, was brought down by the three reductions to just under two-thirds of what it had been in September 1959. In the same period, because of the growing use of the quotas for rediscounting bills, their unused part had actually been approximately halved. While the various minimum reserve increases had prevented the banks from fully utilising the liquidity reserves currently accumulating in their hands or remaining from earlier periods, the reduction — hardly less important in amount — of their rediscount quotas was designed to prevent the pressure on liquidity, generated through minimum reserve policy, from being lifted through greater use of the facilities for assistance offered by the Bundesbank.

... and by activating  
open-market operations

Finally mention must be made of the activating of open-market operations, by which the Bundesbank during the summer took steps to supplement the measures adopted in May and June or to reinforce their effectiveness. Whereas in earlier years the Bank had always been "passive" in its open-market operations, in the sense that it left the banks themselves to decide whether they would buy from it or resell to it money-market paper (of course at the rates fixed and from time to time revised by the Bundesbank), the Bank now for the first time took the initiative by arranging for the banks represented in the Federal Loan Syndicate to take up to DM 1 billion of non-negotiable mobilisation paper for a period of two years, and apart from urgent exceptional cases to retain it in their portfolios throughout that period. In an agreement made on 5 August last year between the Bank and the Federal Loan Syndicate the latter's members declared themselves prepared to acquire the paper in question on the conditions stated, and promised to take a first DM 500 million tranche at a discount of  $5\frac{1}{2}\%$  (the rate then ruling for sale of two-year non-interest Treasury bonds) between 20 August and 20 September 1960. With regard to the second tranche, also of DM 500 million, an agreement was reached on 12 October under which the relevant paper had to be taken in the following month, not later than 12 November 1960. By the end of August the banks had already taken the greater part of the first tranche of this special mobilisation paper, namely over DM 400 million; and by the end of October, two weeks before the period expired, the contemplated total amount of DM 1 billion had been fully paid. True, not all these investments were additionally taken by the banks; in some cases the special mobilisation paper took the place of money-market paper maturing, and

in certain cases the banks also resold paper before maturity to the Bundesbank. Still, the very replacement of short-term paper by non-negotiable longer-term paper entailed a tendency to limit the banks' free liquidity margin, so that the "liquidity-reducing" effect of this transaction can in reality be put higher than is apparent from the change in the banks' holdings of mobilisation paper.

Besides this however the scope of the open-market operations was also widened through the fact that the social pension insurance institutions and the Unemployment Insurance Fund declared themselves ready to employ a part of their liquid resources in mobilisation paper. During the third quarter of 1960 alone they increased their holdings of mobilisation paper by about DM 300 million, and by the year's end they had bought such paper to the amount of upwards of a further half-billion DM. At the end of 1960 they already held nearly DM 850 million of mobilisation paper, as compared with the roughly DM 80 million at that time in the hands of other German public authorities (excluding the Federal Postal Administration, which invests in the money market only on behalf of its financial institutions). After the turn of the year 1960/61 the investments of the public insurance institutions and the other agencies continued for a time slightly to increase.

*(b) Monetary Trends under the Influence of the More Restrictive Policy*

One result of the strong use of instruments affecting liquidity was that the banks' liquidity cushions further decreased in the summer of 1960, just as they had in the first half-year of restrictive policy. At the end of September 1960 the free or relatively easily mobilisable liquidity reserves<sup>1)</sup> of the credit institutions rendering monthly returns amounted to only a little over 5 per cent of their balance-sheet total, against nearly 7 per cent at the end of March and more than 10 per cent in the summer and autumn months of 1959, that is before the change-over to the restrictive credit policy. At the said level however they were still relatively high, and moreover in the course of the summer the attempt to reduce them further encountered a growing opposite tendency in the form of a substantial afflux of funds from abroad.

Starting from the increase in the Bundesbank's total net exchange holdings, and leaving aside all those transactions which do not directly affect the other banks' reserves of Central Bank money<sup>2)</sup>, one finds that in the second and third quarters of 1960, when speculative inflows were for a time of great importance, the banks were able to replenish their Central Bank balances by about DM 6.7 billion<sup>3)</sup> as a result of foreign exchange transactions. Only a part of that amount, however — although by far the larger part — represented a fresh accrual of liquidity to the banks. The foreign exchange transferred to the Central Bank in fact included monies which the banks had previously invested abroad and which they now "repatriated" (that is to say, transferred to the Central Bank, and so converted into Central Bank balances) to enable them to meet the manifold demands on their liquidity. In reality therefore the banks to that extent only drew on existing liquidity reserves which they had formed in earlier periods, especially in 1959. During the summer months in particular such transactions were an important factor. In the second quarter of last year alone the German banks' balances at foreign credit institutions, and their money-market investments abroad, declined by nearly DM 1.2 billion, after they had already fallen slightly on balance in the first quarter. After the middle of the year the declining tendency at first continued; but the reduction had soon reached a stage at which the banks' short-term foreign assets roughly corresponded only to their working balances for foreign payments, and therefore could not on the whole be further reduced. Still, the banks

The addition to liquidity due to exchange transactions

<sup>1)</sup> These are deemed to include the banks' holdings of marketable domestic money-market paper, their short-term foreign assets and their unused rediscount quotas, together with the Bundesbank's special assurances of assistance.

<sup>2)</sup> That is in the main the purchases of foreign exchange by the Federal Government (and in lesser degree by other public authorities) for foreign payments, against which there are accruals of foreign exchange — also not passing through the banks — on Central Bank accounts of other domestic non-banks (including private firms), as well as the interest received by the Bundesbank on its foreign assets.

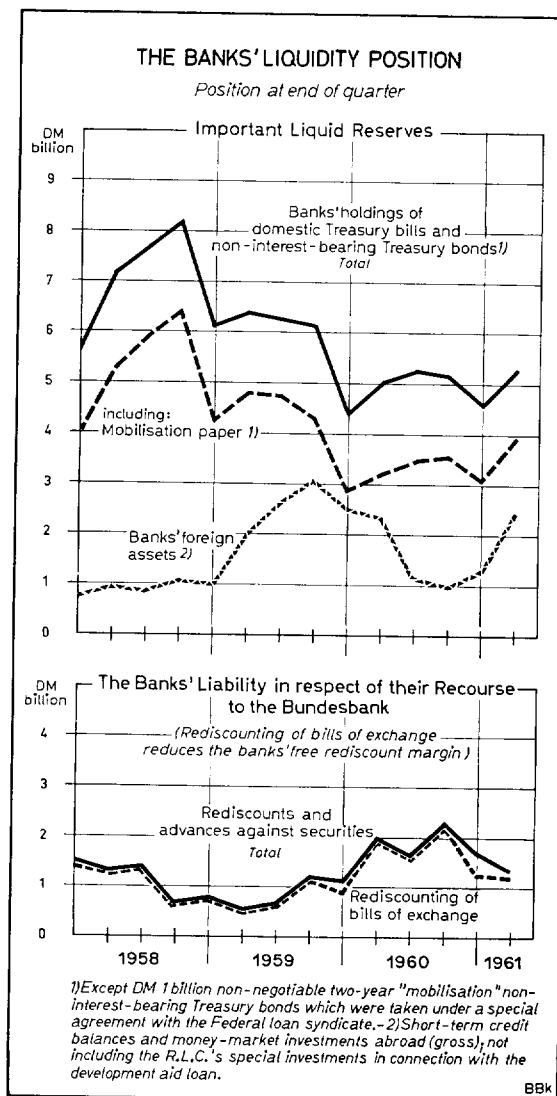
<sup>3)</sup> By contrast with the other data on the determinants of bank liquidity, calculated from end-of-month values for the sake of better comparability with the following figures of the banks' foreign exchange position. The resulting deviations from Table IV (1) in the Annex, which is based on averages, are however insignificant.

were able to reduce their liquid assets employed abroad from nearly DM 3.3 billion (the peak which they reached in October 1959, and then again in January 1960) to just under DM 1 billion at the end of October 1960. But even if the amounts resulting from "repatriation" of foreign assets (and hence from mere shifts of liquidity) are left out of account, foreign exchange movements gave the banking system in the second and fourth quarters of 1960 liquid assets to the extent of about DM 2<sup>3</sup>/<sub>4</sub> billion in each case, and in the third quarter of 1960 to the extent of about DM 2<sup>1</sup>/<sub>2</sub> billion.

The causes of these movements, in particular the great effect of borrowing abroad by trade and industry, have already been indicated in another connection. But the rise in foreigners' deposits at the banks and the borrowing by German banks abroad were also a factor, although the Bundesbank had tried by its above-mentioned special measures to restrain influences of that kind. Still, the German banks' total liabilities abroad on deposits and loans taken increased in the second half of 1960 by about DM 0.6 billion. This indeed was primarily due to the seasonal inflation of foreigners' deposits at the end of the year, most of which inflation had disappeared by the end of January 1961. At about DM 3.2 billion at the end of January non-residents' deposits were actually smaller by roughly a quarter of a billion DM than at the middle of 1960. In contrast to this however the banks' short-term foreign borrowings rose more steadily from mid-1960 onwards, namely from about DM 0.8 billion at the end of June 1960 to DM 1<sup>1</sup>/<sub>4</sub> billion at the end of December, and nearly DM 1<sup>1</sup>/<sub>2</sub> billion at the end of January 1961.

It is true that the other determinants of bank liquidity, so far as they were not due to measures of the Bundesbank, tended greatly to reduce the addition to liquidity resulting from the exchange surpluses; they were however far from being enough fully to neutralise the expansive effect of those surpluses during 1960. Actually, as already mentioned elsewhere, the outflow of funds from the banks due to the major public authorities' "internally effective" cash transactions was much greater than in earlier years. In the last three quarters of 1960 alone the loss of liquidity due to movements on public authorities' Central Bank accounts amounted to about DM 3<sup>1</sup>/<sub>4</sub> billion, against just over DM 2.0 billion and just under DM 1.4 billion in the corresponding periods of the two previous years. During the same period the note and coin circulation also increased much more than in previous years because of the steep rise in total wages and salaries. Through the public authorities' cash transactions and the increase in the note and coin circulation alone the banks were deprived in the last three quarters of 1960 of DM 5<sup>1</sup>/<sub>2</sub> billion of funds; but during the same period their liquidity position was strengthened

The other determinants of bank liquidity





by nearly DM 9<sup>1</sup>/<sub>4</sub> billion through net foreign exchange sales to the Bundesbank, including the repatriation of foreign assets. It accordingly required drastic administrative action — in particular the raising of minimum reserve requirements, the cutting of the rediscount quotas and the above-described contractive open-market operations — for the purpose not only of mastering the great addition to liquidity, but of further absorbing so much liquidity that the banks' free liquidity reserves in effect declined.

The prospects of thereby effectively reducing the economy's monetary margin were however small, not only because there are of course limits to the Central Bank's instruments of liquidity policy, but above all because in the present external situation the business community did not depend entirely on domestic sources of credit. The more the domestic interest-rate level rose, in fact, and the more individual credit institutions were forced to observe restraint in granting credit, the greater recourse to foreign sources of funds became. The shifting abroad of a part of the borrowing became clearly evident from the second quarter of 1960 onwards. In the second and third quarters of 1960 the economy received from abroad in that way nearly DM 4<sup>1</sup>/<sub>4</sub> billion, that is more than eight times as much as the roughly half a billion DM received in the corresponding period of 1959. In the fourth quarter of 1960 the difference as against a year earlier was smaller, it is true, but the tendency to replace domestic by foreign sources of credit continued. The effect was not only in large measure to frustrate the domestic object of the credit restrictions, but also greatly to increase the Federal Republic's balance-of-payments surplus, thereby encouraging foreigners' — not entirely justified — criticism of the country's position on foreign trade and payments.

Contrary forces  
operating from outside

## 2. Realignment of Credit Policy

In these circumstances the Bundesbank found occasion in the autumn of 1960 to revise its credit policy, and to go more by the needs of the balance-of-payments position, even though the domestic business cycle remained in a phase of boom — the more so since means other than those of credit policy had been used only inadequately, and in some critical sectors (such in particular as the building market) practically not at all, to counteract the exaggeration of demand.

The Bank's decision to change its course in the autumn was indicated if only because its interest rate policy had for some time increasingly conflicted with that of other countries. In the autumn of 1959, when the Bank had introduced its restrictive credit policy, it was largely backed, under external aspects, by the fact that the credit brakes were also applied in other industrial countries, especially in the United States, where the discount rate had been several times raised in the course of 1959. Again after the second raising in October 1959 of the German discount rate, bringing the latter up to the level of the then rate in the United States, there was still a high degree of accord between the credit policy of the Bundesbank and that of the other countries. During 1960 however this position increasingly changed. In the first months of the year money-market rates in the United States began to fall; the same happened in Canada and various European countries. The discrepancy between the interest-rate movement in Germany and that in other countries became fully evident, however, when shortly after the German discount rate increase on 2 June 1960 the discount rate in the United States was twice lowered — after a period of falling Treasury Bill rates — by a total of 1<sup>0</sup>/<sub>0</sub> (in New York on 10 June and 12 August 1960), and apart from that the Federal Reserve Board also gave out that in future it would pursue an easy money policy in view of the fact that the American business cycle was then clearly inclining towards recession. It is true that it proved possible in some important individual categories to render ineffective the resulting steady widening of the interest differential, for instance in the case of foreigners' money employed at German banks subject to the order forbidding payment of interest; but in order to eliminate completely that differential's

The importance of the  
interest rate level

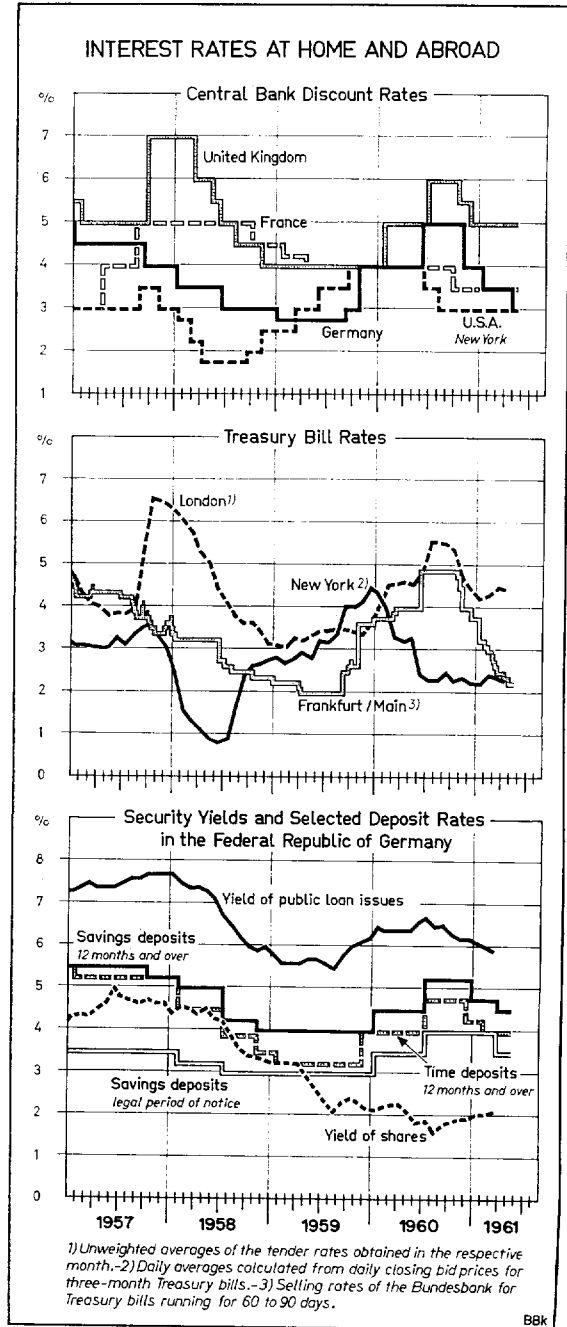
power to attract foreign monies there would have had to be more and more barricading measures, in the sense that "negative" exchange restrictions would have had to be applied to all money and capital transactions with foreign countries — a solution which the Bundesbank in agreement with the Federal Government rejected. The strength of the pressure exerted from outside on the German interest rate level since the summer of 1960 can be clearly seen from the fact that, as the graph on this page shows, soon after the raising of the discount rate at the beginning of June the yield on officially listed public authorities' bonds already passed its peak and began to decline, months before the Bundesbank first reduced its discount rate.

First discount rate reduction in November 1960

On 10 November 1960 the Bundesbank accordingly reduced its discount rate from 5% to 4%. In addition the Bank's selling rates for money-market paper were lowered in three stages, so that on 11 November they were back again to the level of March to May of the same year, or even slightly below it in the case of the rates for longer-term money-market paper, which were reduced somewhat more. The Bank justified these measures by pointing to the complete reversal of credit relationships with foreign countries, which reversal had materially contributed towards bringing to a head the balance-of-payments situation. At the same time the Bank intimated that it continued to regard the state of domestic economic activity as greatly strained, and that therefore by its discount rate reduction it intended only to narrow the interest differential as against foreign countries so as thereby to counteract the undesired afflux of foreign money — adding however that the Bank would greatly welcome it if the excess domestic economic activity were counteracted by means producing a less undesirable effect on the balance of payments.

At first only slight effect on the internal credit markets

At first, however, the effects produced by the discount rate reduction on the general interest rate level were small. It is true that the banks' maximum debtor interest rates automatically declined on that reduction; but, as can be seen from the accompanying graph, even the banks' most important deposit rates followed it only with hesitation and to a smaller extent, or (in the case of the rates for savings deposits subject to the legal period of notice) not at all, so that the banks' "costs of procuring money" were reduced by only a fraction of the discount rate reduction. The margin which remained to the banks for competing for borrowing customers by their offers of interest rates was correspondingly narrow. Above all however the money market



continued to be relatively tight, so that the rates there were not reduced to the full extent. It is true that after the discount rate reduction short-term money could be had more cheaply than say in September and October last year, but dealings in it usually took place at a substantial premium as compared with the official discount rate; at the end of November, for instance, the premium was anything up to 1%. The reaction was also relatively weak on the security markets, especially the bond market, where the downward movement apparent in yields since the summer of the previous year flattened out, if anything, after the lowering of the discount rate. The reason was that the Bank had at first refrained from supporting its modified interest rate policy by measures to ease liquidity. It had on the contrary continued to apply measures which tended to prevent greater easing of the money market; in particular it had continued to sell mobilisation paper, including that bearing relatively high interest rates. It also continued to allow the swap premium which it had granted under certain conditions since the last week in August 1960 on dollar sales and had raised at the end of September to 1½%. After the discount rate reduction however the swap-premium was granted only for the banks' pure money investments, and no longer to finance import and merchanting transactions, as it had been from the end of August last year onwards. The remaining swap premium led at times to considerable money exports, thereby preventing the money market from being relaxed as much as it otherwise would have been, the more so since at the same time other circumstances also greatly reduced liquidity in that market. The maintaining of high money-market rates prevented the rates which matter from the point of view of the business community's credit supply from being more affected, and thereby maintained the incentive to borrow abroad.

So as to give gradual effect to the desired lowering of interest rates in the markets it was therefore essential, in the long run, to ease liquidity in some respects. Mere adherence to the restrictive measures adopted in the summer would in itself have meant further increasing the pressure on liquidity, particularly since the special reserve for the addition to domestic liabilities absorbed a larger part than previously of the liquidity accruing to the banks, while in particular the public authorities' cash surpluses in the first quarter of 1961 placed a fairly heavy strain on them. A fact of special importance at the beginning of this year was moreover that to the liquidity-reducing effect of the official cash transactions there was added the payment of subscriptions to the Federal Government's development aid loan.

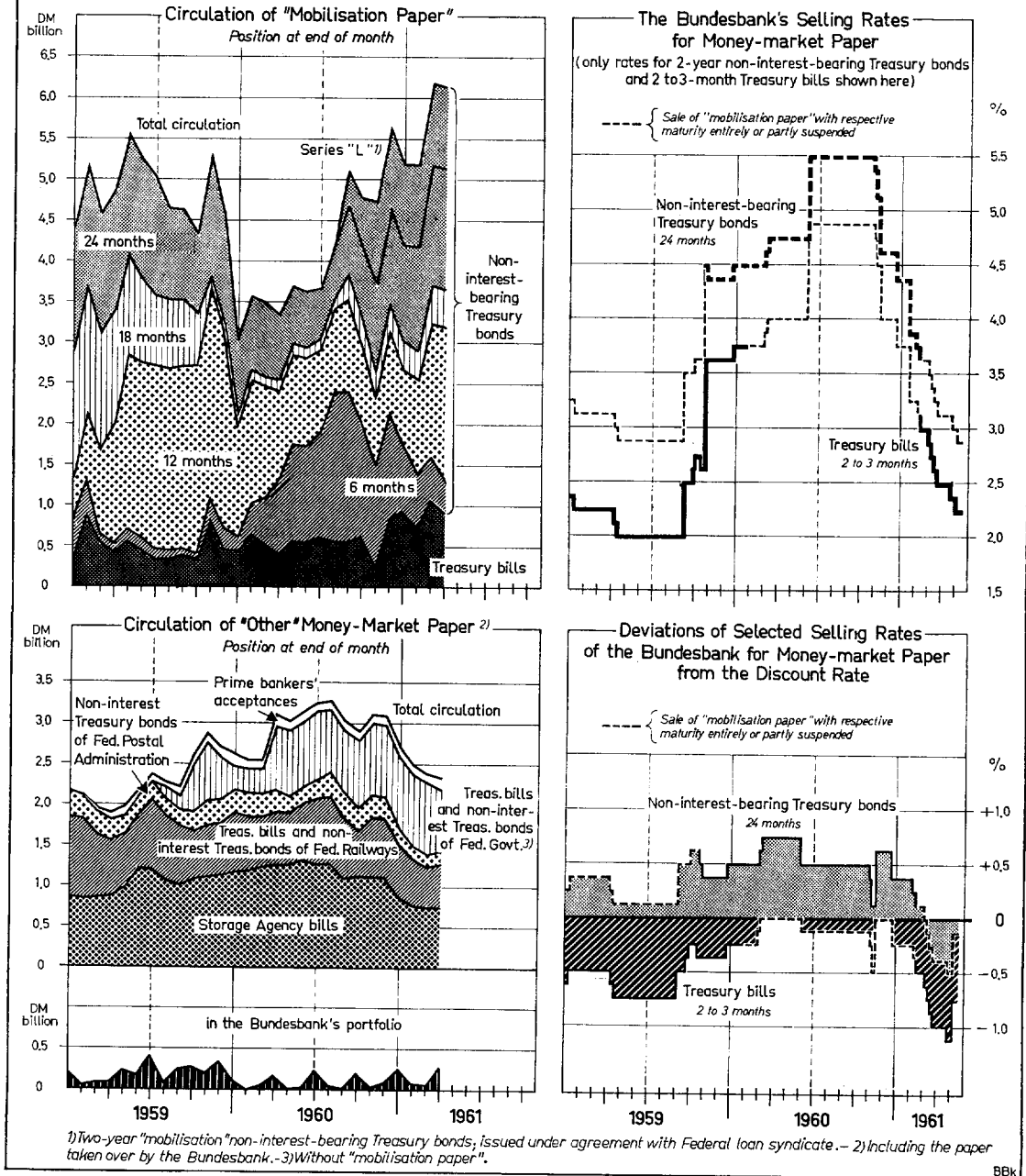
As a first easing of the 1960 restrictions on liquidity the Central Bank Council ordered the termination, with effect from December 1960, of the special reserve for additions to domestic liabilities. The consequent reduction of the minimum reserve requirements amounted to only about DM 300 million, and consequently brought no very effective immediate easing of the liquidity position. Yet it did reduce the strain on liquidity which occurred in January this year, unlike other years, under the influence of the development aid loan and no doubt also of larger money exports, and it removed the hardships and technical difficulties connected in some cases with the special minimum reserve.

The Bundesbank further relaxed its restrictions on 19 January this year, when it lowered its discount rate by ½% to 3½%, and with effect from February reduced the minimum reserve ratios for domestic liabilities by 5% of what they had been in October 1959. The Bank, as it then stated, again was induced solely by the balance-of-payments situation to make this further reduction of its discount rate, the more so since the proportion borne by the private net import of capital to the balance-of-payments surpluses continued to be considerable (although no longer quite so high as in the summer months), and a further step towards narrowing the interest differential seemed desirable. But it now became all the more urgent through a loosening of the liquidity screws to ensure that the discount rate reduction "became effective", or to prevent the desired object of a gradual lowering of the interest rate level from being frustrated by forces which the Bank was able to influence. That object was served by the first general lowering of the minimum reserve ratios for domestic liabilities with effect from February this

Cautious relaxations  
of liquidity policy

Second discount rate  
reduction, lowering of  
selling rates, and  
general reduction of  
minimum reserve ratios

## DATA ON OPEN-MARKET POLICY



year. This reduction amounted to 5 per cent of the ratios as these had stood in October 1959, that is before the first raising of minimum reserves under the 1959/60 restrictive credit policy; and it tended to release about DM 400 million, which — in view of the fact that no noteworthy "market" strains on bank liquidity were to be expected in that month — was enough to produce a moderate easing of the money market. Operating in the same direction was the fact that independently of the movements in its discount rate the Bank several times lowered its selling rates for money-market paper, and that at the middle of February (as it had already done earlier in a similar situation) it stopped the sale of longer-term mobilisation paper running for 1½ and 2 years and, instead, again offered the banks 60 to 90-day Treasury bills, these

having been no longer offered since the sale of short-term money-market paper was suspended in January 1960. The incentive to put surplus funds into mobilisation paper was thereby appreciably reduced, because through employment in such paper only a relatively low return could now be obtained. The (lowered) rates for the shorter-term money-market paper were in consequence to a large extent the governing factor for the level of money-market rates, whereas previously the rates for the longer-term paper had visibly supported the level of interest rates for short-term investments as well, if indeed they had not pressed that level upwards. The point is that when the trend of interest rates is downward even funds available only for short periods are employed without misgiving in longer-term money-market paper, since it is likely that in the event of their resale before maturity they can be realised at rates which will in the meantime have declined down to or even below the level of those at which the paper was originally taken.

In so far as money-market rates declined, however, it also became unnecessary to provide any special support, through the swap premium previously granted, for the banks' export of money. Accordingly with effect from 20 January 1961, that is on the lowering of the discount rate from 4<sup>0</sup>/<sub>0</sub> to 3<sup>1</sup>/<sub>2</sub><sup>0</sup>/<sub>0</sub>, the swap premium was reduced from 1<sup>1</sup>/<sub>2</sub><sup>0</sup>/<sub>0</sub> to 1<sup>0</sup>/<sub>0</sub>; at the beginning of February it was brought down by a further <sup>1</sup>/<sub>2</sub><sup>0</sup>/<sub>0</sub>, and finally at the middle of February it was completely terminated. In respect of transactions for which it incurs a forward commitment at all, that is in respect of monies employed by German banks abroad beyond a certain minimum period, the Bundesbank has since mid-February concluded forward contracts in dollars only at spot rates — which however still represents a concession to the parties contracting with the Bank, inasmuch as they would otherwise have had to pay a price in the free market for the rate-fixing. On the other hand from the money market point of view the termination of the swap premium prevented the exports of money from keeping rates in the home market high, or actually forcing them upwards, even before a natural balance had been reached as between the level of interest rates in Germany and that in other countries, at least in the categories available for the employment of funds by the banks.

Termination of the swap premium

The cautious easing of the restrictions on liquidity, started at the beginning of 1961, was warily continued during the spring months. An important fact in that connection again was that otherwise the banks' liquidity might have been subjected to a fresh strain, which would doubtless have led to further repatriation of foreign assets and to greater borrowing abroad, and so would have intensified the foreign exchange accruals at the Bundesbank. Apart from the public authorities' "internally effective" revenue surpluses — which, as mentioned, remained high — a very important factor here was the first subscription payments falling due in April on shares in the Volkswagen Works after it had been put, in part, into private ownership (all of which payments had in the first place to be transferred by the leading bank of the syndicate to the Bundesbank account of the Volkswagen Works Fund); another factor was the rise in the note and coin circulation to an extent which, if only for seasonal reasons, was very large. The Bundesbank countered these tendencies to strain by further lowering the minimum reserve ratios, by repeatedly reducing its selling rates for money-market paper, and finally by enlarging, through a rise in their rediscount quotas, the banks' facilities for obtaining assistance from the Bundesbank.

Renewed raising of the rediscount quotas; further general lowering of minimum reserves

First, as regards the easing of Central Bank accommodation, the Central Bank Council with effect from 1 March 1961 partly terminated the cut ordered in the summer of 1960 in the banks' standard rediscount quotas; it did so by fixing the amount of the cut on quotas or parts of quotas up to DM 5 million at 10 per cent (instead of the previous 15 per cent), and on the rest of the individual quota at 20 per cent (instead of 40 per cent). Thereby the banks received back a very substantial amount of their rediscount facilities, the more so because since the summer of last year those quotas (in accordance with their "sliding" method of calculation) had grown in connection with the increase of the liable funds, so that the cancelling of the previous

administrative reduction, if only by the same percentage, produced an effect greater than the foregoing cut, which had been applied on a narrower basis.

The lowering of the minimum reserve ratios was done in a number of stages. With effect from March onwards the ratios were twice reduced, each time by 5 per cent of their level in October 1959, the first reduction being made on 2 March and the second on 7 March, immediately after the alteration of the DM exchange rate; a further reduction, again by 5 per cent of what the ratios had been in October 1959, was made with effect from April onwards. In all cases however the reduction was confined to the ratios for domestic liabilities, while with a view to checking the banks' taking of foreign money the rates for foreign liabilities were kept at the level up to which they had been raised by mid-1960. In addition with effect from May this year the total amount of reserve-carrying foreign liabilities existing on 30 November 1959 was subjected to the highest minimum reserve ratios permitted by law, whereas previously these ratios had been applied only to the amount by which the said liabilities had grown since the date mentioned<sup>1</sup>). At the same time however the individual credit institutions were allowed, when calculating their foreign liabilities subject to the reserve requirement, to apply deductions equal to their holdings in foreign countries of time and other bank balances and money-market investments (bank acceptances, bank-endorsed commercial bills, Treasury bills and non-interest-bearing Treasury bonds). Since at most of the institutions in question the "offsetting amount" was already higher at the time of introduction of this measure than the additional charge due to the subjecting of total external liabilities to the highest ratios permitted by law, the overall effect of the revision was to ease the minimum reserve requirements. This effect will become greater if the banks in future try to exhaust the offsetting facility to a greater extent by enlarging their holding of short-term foreign assets (in accordance with the object of the new regulation) and thereby relieve the Bundesbank more than before of the need to hold foreign exchange.

By the various reductions between the beginning of 1961 and the time when this Report went to press the reserve ratios for domestic liabilities have been brought down, in the case of sight and time liabilities, from 155 to 135 per cent of what they were in October 1959, and in that of savings deposits from 150 to 130 per cent. The amount of minimum reserves released thereby may be estimated at about DM 1.6 billion. When considering the actual movement of the required reserve, which amounted for April to an estimated DM 11.7 to 11.8 billion as against DM 13.0 billion in December 1960, one ought however to bear in mind that (quite apart from the influence of the so far unreduced reserve requirements in respect of foreign liabilities) the effect of lowering the ratios was in part cancelled out through the increase in the total amount of reserve-carrying liabilities and the consequent raising of the absolute amount of the reserve.

Third discount  
rate reduction

As a result of the above-described easing of credit policy the interest rate level had by April already greatly declined in accordance with the tendency indicated by the large surpluses on the balance of payments. On the money market the level of money-market rates in some other leading countries had already been reached; but on the capital market too the rates of interest — at least as measured by the yield on fixed-interest securities — were notably lowered, although they are still attractive to foreign capital and for the present continue to rule out the starting of any major capital export on a market basis. So as to strengthen the contact with the foreign level of money-market rates, and to give effect to the downward pressure exerted by market factors on the rate of interest for capital, the Bundesbank decided on 4 May 1961 to lower its discount rate once more by  $\frac{1}{2}\%$  (this being the third reduction since the autumn of last year) to the present  $3\%$  level. At the same time it reduced by  $\frac{1}{8}\%$  the selling rates for the money-market paper included in its open-market operations, doing so after it had already several times reduced those rates in the preceding months (independently of its discount rate), so that at the beginning of May the selling rate for three-month Treasury bills was lower by  $\frac{1}{8}\%$  than

<sup>1</sup>) The only items still excepted were customers' drawings on credits opened abroad, which drawings became subject to the reserve requirement only in June 1960, and in respect of which only the addition since 31 May 1960 continues to be subject to the maximum ratios.

the discount rate. By these measures the Bank took a further step in the direction of the credit policy "conforming to the balance of payments", which had already for some time been pursued.

Nevertheless during the first weeks after revaluation the exchange accruals were not only large, but at times even approached the peaks reached at certain periods of the previous year. As will be shown in the following section, this was due to causes connected with the international uneasiness about currencies, such uneasiness unfortunately having at first been increased by the revaluation of the DM. As soon as the present uncertainty about currency relationships has subsided, however, the progressive adjustment of the interest rate level will certainly make an important contribution towards restoring the Federal Republic's balance of payments to normal, also inasmuch as the large surpluses — conflicting with the Federal Republic's structural situation — on capital transactions with foreign countries are disappearing and are gradually being replaced by deficits, even independently of official capital exports.

As regards the internal economy, the relaxing of credit policy and the decline of interest rates seem indeed paradoxical in view of the continuing excess economic activity. The paradox disappears, however, when one realises that the experiences of last year have shown clearly that one cannot keep internal economic activity within bounds through a restrictive credit policy so long as the balance of payments, for more or less structural reasons, shows large surpluses, while owing to the simultaneous lowering of interest rates in important other countries the internal rates of interest become increasingly excessive on an international comparison, and — not least — the effects of the credit restrictions are frustrated, in some cases deliberately, through official subsidies directed to opposite ends. In such a situation, decisive as the effects of credit policy in that connection can be in other circumstances, the effort to check exaggerated economic activity must be mainly based on other means, which will not further increase the disequilibrium in the balance of payments. That however does not imply any final "dethroning" of credit policy. Once the external circumstances have altered, credit policy as an element in overall economic policy will regain the dominant position which in view of its entire character belongs to it.

## V. Balance of Payments and External Monetary Policy

The course of the German balance of payments in 1960 set those concerned with monetary policy a twofold problem. In the first place, as already mentioned, at over DM 5 billion the surplus on current items of the balance of payments in 1960 was actually somewhat greater than in the previous year, whereas the exceptionally large rise in domestic demand ought normally to have much reduced the export surplus; even if no additional complications had arisen, the permanent compensating of such large current surpluses through corresponding net capital exports would have posed a problem not easy of solution. The task however became even more complicated by reason of the fact that a second structural problem called for solution as well. It was that of how to integrate the German into the international interest rate structure — a problem the solution of which was rendered more and more urgent by the establishment of convertibility as between currencies and by the increasingly close connection between money and capital markets. For a country which depends on substantial capital exports for the achievement of external equilibrium the German interest rate level had throughout recent years been high by international standards. The rise in German interest rates from the autumn of 1959 onwards on the one hand, and the falling trend of such rates in the United States since the summer of 1960 on the other, widened the interest differential as against foreign countries and thereby greatly aggravated the problem. While during 1960 the Federal Republic's balance of capital transactions was completely reversed by comparison with the preceding year, inasmuch as the large 1959 net capital export of about DM 6 billion was followed in the next year by a

The twofold problem of external disequilibrium

*Important Items of the Balance of Payments 1958 to 1960*

— in billions of DM —

	1958	1959	1960
A. Balance on current account <sup>1)</sup>	+ 6.23	+ 4.54	+ 5.03
B. Balance on capital account (statistically ascertainable items)	- 2.39	- 6.25	+ 1.68
of which:			
Net long-term capital transactions	- 1.88	- 3.88	- 0.45
Net short-term capital transactions (not including change in the banks' foreign exchange position)	+ 0.23	- 1.34	- 0.12
Change in the banks' foreign exchange position (improvement: —)	- 0.74	- 1.03	+ 2.25
C. Net errors and omissions	- 0.65	- 0.50	+ 1.30
Net movement of gold and foreign exchange (change in the Bundesbank's monetary reserves)	+ 3.19	- 2.21	+ 8.01

<sup>1)</sup> Including net donations.

net capital import of nearly DM 2 billion (see the above table), this was of course not solely a result of the widening interest differential. The reversal was rather due in part to the disappearance of some special factors (in particular the advance debt repayments and the increase of the German IMF quota), which in 1959 had caused large capital payments to foreign countries. But even more crucial for the course of the German balance of capital transactions in 1960 was the German economy's exceptionally heavy foreign borrowing in all possible forms, which borrowing may be put for the 1960 calendar year at not less than DM 5½ billion, being due to the widening of the interest differential and, in a quite general way, to the restrictive credit policy. The German banks sought to evade the restrictive pressure of Central Bank policy by repatriating some of their liquidity reserves held abroad; the German economy as a whole sought to do so through direct and indirect foreign borrowing. At the same time foreigners took advantage of the favourable opportunities offered by the widened interest differential for investment in the Federal Republic, their buying of German securities to the net extent of nearly DM 2.1 billion in 1960 being a particularly important factor in this connection.

With the restrictive credit policy continuing it would have been natural, in the given circumstances, to expect continuance of the heavy foreign borrowing and of the other capital inflows from abroad, so that the effect of the credit restrictions on the internal economy would have been constantly undermined. But even if credit policy had been more successful in the damping of economic activity within the country, this would in all probability have only led to greater pressure to export as well as to a slowing of imports, and hence to still greater export surpluses. That would have increased the tendency which has appeared clearly since December 1960 in the monthly foreign trade figures. From that month indeed exports began to increase much faster than imports, so that the export surpluses greatly expanded in the three months from December 1960 to February 1961. In these circumstances the restoring of internal equilibrium and the safeguarding of currency stability could not have been achieved, by methods either of credit policy or of any solely internal economic policy at all, without at the same time greatly increasing the external imbalance. The dilemma as between the requirements of internal and of external equilibrium has thus emerged during recent months in a particularly acute form.

The very fact that with economic activity at so high a level as to entail the utmost strain on all internal reserves of productive capacity the large export surpluses continued for a time almost undiminished, and about the turn of the year 1960/61 actually showed a tendency to further expansion, indicates with the greatest clarity that in the relation between the German economy and the outside world a "fundamental disequilibrium", within the meaning of the Articles of Agreement of the International Monetary Fund, had developed. Since no other effective means for removing it were available it seemed in accordance with the Fund's regulations desirable, for the sake both of achieving better international balance-of-payments equi-

The "fundamental disequilibrium" in relation to foreign countries



librium and of maintaining internal currency stability, to set new data for business relations with foreign countries by altering the DM parity as against their currencies. The primary and immediate effect of the DM revaluation of 6 March 1961 is a tendency to encourage imports and check exports of goods and services; the measure is accordingly aimed at better equilibrium in the balance of payments. At the same time the cheapening of imports of goods and services in terms of DM, together with the increased competition on export markets, generates a tendency to downward pressure on prices as well; this counteracts the internal upward price tendencies, which of late had been growing stronger, and sooner or later it will also contribute towards setting limits to wage increases. Finally, the slowing effect which revaluation at least tends to exert on economic activity and price movements will make it easier for the Central Bank to pursue the interest rate and liquidity policy in conformity with the balance of payments, on which it had embarked as early as November 1960, without at the same time appearing to sacrifice internal currency stability. That improves the prospect of also solving better and faster than was previously possible the second structural problem, of how correctly to integrate the German into the international interest rate structure.

Effects of the  
DM revaluation

The effect of revaluation must not of course be over-estimated. Certainly it is no panacea, either as regards its retarding effect on economic activity and price movements at home or as regards its tendency to produce a better state of equilibrium in the German balance of payments, and hence in the international balance-of-payments situation. As to the course of the balance of payments, however, it must be borne in mind that the 1960 upsurge of wages and the further wage increases which have already started in 1961 have appreciably raised the level of German demand and costs by comparison with that in foreign countries — and have of course done so, regrettably enough, not without repercussions on internal price stability. A further point to bear in mind is that the measures for promoting exports of capital to the under-developed countries, for advance repayment of debts to foreign countries and for effecting larger payments to such countries for armaments — all of them measures instituted or contemplated before the DM revaluation — are being fully continued since that revaluation and may be expected to operate directly towards producing equilibrium in the balance of payments. The premature repayment of post-war debts in April and May 1961 alone transferred no less than DM 3.1 billion to the creditor countries, the bulk of \$ 587 million (= DM 2.3 billion) going to the United States, £ 67.5 million (= DM 756 million) to the United Kingdom and \$ 5.3 million (= DM 21 million) to France. The method was that the Bundesbank assumed the creditor countries' claims on the Federal Government against payment of the capital amount, the Federal Government undertaking to repay the entire sum to the Bundesbank within eight years. For exports of capital to under-developed countries the public authorities are to provide in the two years 1961 and 1962 no less than about DM 5 billion, doing so in principle without any direct link with German export deliveries. Finally it may be expected that better adjustment of the interest rate level in Germany to that in other capital-exporting countries will also promote private exports of capital, and above all — which seems even more urgent — will by degrees cause the present influx of capital from abroad to dry up. The latter effect will however be fully produced only when the uneasiness and nervousness in the foreign exchange markets, which even after 6 March caused further borrowing abroad and other substantial "speculative" inflows into the Federal Republic, have been allayed. This cannot be done by German efforts alone; for that purpose an appropriate economic policy will also be required in other countries.

Revaluation is no  
panacea

On the German side everything has been done to make clear that the DM revaluation of 6 March was a non-recurrent and final measure, and that there is no intention to adopt further measures concerning the German exchange rate. Alteration of the currency parity is indeed not a normal monetary policy instrument, such as might be employed on every — perhaps merely passing — disturbance of external or internal equilibrium; it is on the contrary an expedient of last resort, the use of which is permissible only when all other means fail and in the case of

really serious and lasting disequilibrium in the balance of payments. In the face of many misunderstandings and much criticism to which the German revaluation has been exposed, especially abroad, the Bank attaches importance to making clear that it has never regarded the DM revaluation as a short-term measure of cyclical policy, but only as a means of removing a persistent and deep-seated disequilibrium in the balance of payments.

## VI. Observations on International Monetary Policy

The German balance-of-payments problem is only one aspect of international balance-of-payments disequilibria

1. The German contributions described in the previous section towards remedying the disequilibrium in the German balance of payments — namely DM revaluation, increased capital exports and debt repayments out of public monies, and narrowing of the interest differential as against foreign countries — will together with the adjustment of the German level of demand and costs operate with some probability to remove the surpluses in the German balance of payments, if indeed they do not at times cause deficits. That should make an important partial contribution towards resolving the present international balance-of-payments tensions; of course only a partial contribution, since the disturbances and strains in the international payment structure go much farther than the disequilibrium in the German balance of payments. The idea that the German surplus position forms the crucial counterpart — if indeed it is not the cause — of the deficit positions in the present main deficit countries, proves on closer inspection

### *The Change in the Reserve Position of the U.S.A. and in the Gold and Dollar Holdings of the Rest of the World 1958 to 1960*

— in billions of \$ —

	1958	1959	1960 <sup>1)</sup>	1958/1960 <sup>1)</sup>
I. Deterioration of the U. S. Reserve Position <sup>1)</sup>	- 3.48	- 3.83 <sup>2)</sup>	(- 3.80)	(- 11.11)
II. Increase in Gold and Dollar Holdings of the Rest of the World <sup>3)</sup>	+ 3.89	+ 4.31 <sup>2)</sup>	+ 4.00	+ 12.29
(a) Other countries	+ 3.53	+ 2.83	+ 3.03	+ 9.39
of which:				
(1) Official gold and \$ holdings	+ 3.31	+ 1.70	+ 3.06	+ 8.07
(2) \$ balances of banks and private sector	+ 0.22	+ 1.13	- 0.03	+ 1.32
(b) International organisations	+ 0.45	+ 1.48 <sup>2)</sup>	+ 0.97	+ 2.90
(note: Increase in monetary gold holdings of the whole of the Western world out of current gold production and Russian gold sales)	(+ 0.67)	(+ 0.68)	(+ 0.32)	(+ 1.67)
III. Change in Gold and Dollar Holdings of Countries <sup>3)</sup>				
Federal Republic of Germany	+ 0.50	+ 0.23	+ 1.83	+ 2.56
France	+ 0.35	+ 0.69	+ 0.20	+ 1.24
Belgium	+ 0.34	- 0.11	+ 0.01	+ 0.24
Netherlands	+ 0.44	+ 0.23	+ 0.16	+ 0.83
Italy	+ 0.68	+ 0.91	+ 0.02	+ 1.61
E.E.C. countries, total	+ 2.11	+ 1.95	+ 2.22	+ 6.28
United Kingdom	+ 0.84	- 0.11	+ 1.14	+ 1.87
Switzerland	+ 0.04	+ 0.14	- 0.05	+ 0.13
Spain	- 0.03	+ 0.06	+ 0.17	- 0.20
Japan	+ 0.38	- 0.47	+ 0.61	+ 1.46
Canada	+ 0.26	+ 0.17	+ 0.15	+ 0.58
Other countries	- 0.07	+ 0.15	- 1.21	- 1.13
All countries outside E.E.C.	+ 1.42	+ 0.88	+ 0.81	+ 3.11

<sup>1)</sup> United States balance-of-payments deficits (i.e., total of net gold sales and increase in dollar balances of foreign countries — including longer-term Government bonds. — <sup>2)</sup> Not including the U.S.A.'s subscription to IMF amounting to \$ 1,375 million (gold \$ 344 million, non-interest-bearing debentures \$ 1,031 million). — <sup>3)</sup> Official gold reserves and total dollar balances maintained in U.S.A. (including banks' and individuals' holdings) with the inclusion of U.S. Government bonds with original maturities of more than one year. — <sup>4)</sup> Partly estimated.  
Sources: International Financial Statistics, March 1961; Federal Reserve Bulletin, February 1961.

to be wrong. A glance at the preceding table for instance will show that the United States' balance-of-payments deficits amounting to over \$ 11 billion in the last three years appeared to the extent of only \$ 2.36 billion in an increase of the Federal Republic's gold and dollar holdings, the remainder being reflected in the foreign exchange accruing to numerous other countries as well as — not least — to international organisations; and even in respect of the said amount of \$ 2.36 billion there is certainly no direct bilateral connection, still less a causal connection, between the Federal Republic's surplus and the United States' deficit. Similarly the marked deterioration of the British net position on trade and services during the last year and a half has little to do with the bilateral trade and payment relations between the Federal Republic and the United Kingdom. It is clear that complete remedying of the international disequilibria in balances of payments would require not only the German relief measures but also the pursuance of a policy conforming to balance-of-payments needs by other countries, not least those with deficits.

2. To the "genuine" disequilibria which arose in the international payment system from goods and service transactions together with longer-term capital movements there was added in 1960, and still more in the first three months of 1961, a further disturbing factor in the shape of large international *movements of money for speculative reasons*. The first of these speculatively induced movements was the gold boom of October 1960, when the price of gold in London jumped within a few days from about \$ 35.20 to over \$ 38 per ounce at the official price-fixings, and even to over \$ 40 per ounce for individual transactions. The prime cause of this speculative boom appears to have been absence of confidence in maintenance of the dollar's gold value, although this lack of confidence has by now been cured through the improvement in the United States balance of payments, together with the energetic statements and first acts of the new United States Government. Since March 1961 the London gold price has even fallen at times below \$ 35.0875, the United States Treasury's price for the sale of monetary gold to foreign monetary authorities. A second and much more extensive wave of speculative money movements occurred immediately before, and still more after, the DM and guilder revaluations, British sterling having this time to stand the main shock. So as to counter these speculative money movements the Governors of European Central Banks represented in the Board of Directors of the Bank for International Settlements (BIS), including the President of the Deutsche Bundesbank, published on 13 March 1961 a joint communiqué in which they not only stated that the revaluation of the DM and guilder was a non-recurring and finally concluded act that would not be followed by any further adjustments, but in addition made known the Central Banks' intention to cooperate closely in warding off speculative money movements. In this connection the Bundesbank in particular has rendered substantial assistance to other Central Banks. This Central Bank cooperation, which has already worked excellently in connection with the great foreign exchange movements in March and April 1961, is in future to be developed and made still closer.

3. Alongside the bilateral aid arrangements as between the Central Banks chiefly concerned, preparations are also proceeding with a view to strengthening the multilateral monetary institutions, and as it were to using them as a "second barrier" against speculative or other temporary disturbances in international payment relations. Thus in particular in the *International Monetary Fund*, one of whose main functions is the provision of aid in connection with temporary disturbances of its members' balances of payments, a programme for extending its ability to help is at present under discussion. In that connection two problems are prominent. The first is to what extent the Fund, which according to its Articles of Agreement ought to keep its assistance concentrated on cases of "genuine" deficits in the current items of the balance of payments (that is in goods and service transactions), should extend that aid to cover in addition such foreign exchange deficits as are mainly attributable to capital movements, especially short-term speculative money movements from country to country or from a reserve currency into gold. The

Speculative international monetary movements, and how to ward them off

Development of the IMF as "second line of defence"

second problem relates to the provision for possible drawings by the reserve currency countries, the United States and the United Kingdom, on the International Monetary Fund; it has in fact been found that, while at a total of over \$ 9 billion the Fund's holding of gold and convertible currencies is fully adequate, in the event of an American or British drawing of the currencies of European countries with surpluses the holdings of those currencies might be insufficient because the quotas of the continental European countries concerned are relatively small. An enquiry is therefore at present proceeding in order to determine the circumstances and conditions in which the Fund may take advantage of the possibility, as provided in Article VII of its Articles of Agreement, of increasing inadequate currency holdings by borrowing from the surplus countries in question.

The Federal Republic has taken a favourable attitude towards the plans for increasing the Fund's possibilities of action. The Bundesbank has declared itself in principle ready to grant stand-by credits in DM to the IMF in case of need, provided that satisfactory agreements are reached regarding the circumstances, the extent and the conditions of such credits.

DM increasingly  
drawn in the IMF

4. In this connection it is an interesting fact that since 1960 DM have already been drawn to an increasing extent within the framework of normal drawings in the International Monetary Fund, whereas the drawings in US dollars have been greatly exceeded by dollar repayments in respect of former drawings (or by dollar payments into the Fund in virtue of so-called automatic repurchase obligations). Thus during 1960 German currency was drawn to the extent of DM 169 million (equal to about \$ 40 million), while during the same period American currency to the net extent of \$ 432 million came back to the Fund. In this way the foreign exchange movements through the IMF contributed towards balancing international exchange positions. During the first four months of 1961 the drawings of DM continued on a greater scale, DM 424 million (= \$ 104.1 million) being drawn in that period. Between the beginning of 1960 and April 1961 the following countries drew DM in the IMF: Argentina, Iceland, Brazil, Iran, the Union of South Africa, Yugoslavia, Chile, Ceylon and Australia. In consequence of these drawings the IMF's DM holding had by 30 April 1961 declined to DM 1,499 million, that is to 47.6 per cent of Germany's IMF quota of \$ 787.5 million. To the extent of the part of the German quota filled by cash in-payment, whether in gold and dollars or through delivery of DM to meet other countries' drawings, that is to the extent of \$ 412.8 million, the Federal Republic of Germany has in the Fund a "quasi-automatic" drawing right which it could use at any time without special formalities in case of need, that is in the event of deficits in the balance of payments.

Credit assistance not a  
substitute for monetary  
discipline

5. In connection with the present efforts to arrange additional bilateral and multilateral facilities in order to bridge over temporary disturbances in balances of payments it would of course be wrong to lose sight of the fact that the present tensions in international payment relations are not only due to short-term speculative or interest-induced money movements — the tiding over of which by such facilities may be perfectly legitimate — but that in addition deeper-rooted disturbances in the payment relations of important countries are also at work. As regards these latter disturbances international credit assistance can never mean more than giving the deficit country sufficient time for adjustment; it must not lead to invalidating the corrective forces themselves. Additional credit facilities must therefore not be regarded as a substitute for adequate monetary discipline, or for adequate coordination of the different countries' monetary policies.

Problems of inter-  
national coordination  
of monetary policy

6. Through the development of the international monetary situation since last year both the need for and the problems entailed by international *coordination* of monetary and economic policy have become present, more than before, to the minds of those responsible for monetary policy. It is obvious that in a convertible currency system with stable exchange rates the policies of individual countries must be closely harmonised with each other, if balance-of-payments disequilibria and large one-way exchange movements are to be avoided. One problem of such international coordination lies in the possible conflict between the needs of external and of

internal equilibrium. International coordination of monetary policy also calls, not least, for current adjustment to the requirements of balance-of-payments equilibrium. As the experience of just the last few years has shown, such a policy conforming to the needs of the balance of payments may time and again conflict with those of internal equilibrium. Since 1960, as is explained in detail in this Report, the Bundesbank has more than once experienced the full force of that dilemma as well as the conflicts which result from it. In the end it was that dilemma which made alteration of the exchange parity unavoidable. Apart from that the international coordinating of monetary policy is also rendered difficult when the burden of adjustment is imposed too one-sidedly either on the surplus or on the deficit countries. Lasting coordination requires contributions, through a policy adjusted as far as possible to the balance-of-payments situation, on the part of all concerned but especially of the deficit countries. It is to be hoped that the closer consultation which is gradually beginning between the various countries' authorities responsible for monetary and economic policy, and which is to be promoted not least through the development of the Organisation for European Economic Cooperation (OEEC) into the Organisation for Economic Cooperation and Development (OECD), will assist and promote a well coordinated policy conforming to balance-of-payments requirements.

# The Deutsche Bundesbank's Credit and Foreign Exchange Policy Regulations at present in force

## I. Credit Policy Regulations

### 1. Credit Instruments Eligible at the Bundesbank

#### (a) *Discount Business*

General Bills of exchange presented for purchase are to be backed by three parties known to be solvent. The bills must be payable within three months from the date of purchase. They should be good commercial bills (Article 19 paragraph 1 item 1 of the Law concerning the Deutsche Bundesbank).

For assessment of the soundness of a signature the Central Bank Council has laid down the following rules: any person who is liable on a bill which has been presented to the Deutsche Bundesbank for purchase or as security for an advance, and who despite being invited to provide information as to his financial affairs gives no information or no sufficient information, and with regard to whom there are otherwise available or procurable no data permitting adequate judgment of his financial affairs, is not to be regarded as "a party known to be solvent" within the meaning of Article 19 paragraph 1 item 1 of the Law concerning the Deutsche Bundesbank. A bill may not be purchased, nor may an advance be made against it, if it is clear that the acceptor cannot be regarded as a "party known to be solvent" (decision of 20 February 1957).

The period to the maturity of bills must not exceed the time which is necessary for carrying out the underlying transaction in goods (decision of 10 May 1949). In the case of grain and fodder bills the period to maturity may amount to three months, however, so as to facilitate the storage of grain and feedingstuffs at the marketing and processing stages, and thereby to reduce the demands for financial accommodation made on central official agencies (decision of 31 July 1952).

In other respects, as regards the granting of discounts, the "Deutsche Bundesbank's General Business Conditions" (V. Purchase of domestic bills, XI. B. Purchase of foreign bills and foreign cheques) apply.

Instalment sale  
financing bills

Bills which are given for the purpose of financing instalment sale transactions are in principle excluded from purchase (decision of 21 March 1956).

Instalment sale bills which serve to finance the purchase of agricultural machines that have a long life and assist production may however be purchased. In this exceptional case all bills which are due within 90 days may be discounted if it is a case of an instalment sale transaction where the buyer has paid cash down for at least 40 per cent of the purchase price, and the whole period for which the credit runs does not exceed 24 months. If these conditions are not fulfilled, then only the last bill due within 90 days (or, in the case of instalment sale transactions which are based on monthly instalments, the last three bills relating to the whole transaction) will be discountable.

In addition instalment sale bills with a remaining life not exceeding 14 days may be presented for purchase.

Building bills and  
building-material bills

Bills which serve for the interim financing of building projects (building bills) will not be purchased (decision of 12 October 1955). On the other hand bills which are drawn on the basis of the producer's building material deliveries to the trade, those of the trade to the builder or building craftsman, and those of the builder to the owner of the house (for repair or maintenance work) (building-material bills), but not their prolongations, are purchasable.

Prime  
bankers' acceptances

DM acceptances of accepting banks admitted to the prime acceptance market, which serve for the financing of import or merchanting transactions and have a remaining period of not more than 90 days to run (prime bankers' acceptances), can be purchased (decision of 18 December

1958). Prime bankers' acceptances must be for at least DM 50,000 and should not exceed DM 250,000. The amount of the bill should be divisible by 5,000. Prime bankers' acceptances are outwardly distinguishable from other bank acceptances by the reference, marked on the upper margin of their face, to the import or merchanting transaction financed. (In the case of imports the number of the import declaration or import permit, and the goods financed, must be indicated. In the case of merchanting transactions the goods traded or the statistical number must be noted.)

Other bank acceptances are purchased only if they serve to finance at short term specific individual transactions. They should be for at least DM 5,000 (decision of 31 January 1951). The Land Central Banks may in cases where they deem it appropriate waive the declaration as to the underlying transaction, which indicates the business financed by the bank acceptance (decision of 14 April 1954). Bank acceptances which serve to finance capital investments or to render frozen debtors liquid are not purchased (decision of 10 May 1949).

Other bank acceptances

Since bank acceptances as a rule bear only two signatures when taken by the Land Central Bank, regard must be paid to the legal provision that the third signature may be dispensed with only if the security of the bill is guaranteed in some other way (Article 19 paragraph 1 item 1 of the Law concerning the Deutsche Bundesbank).

The guiding principles for the purchase of "other bank acceptances" apply mutatis mutandis to the purchase of bills drawn by credit institutions on their debtors, subject to the proviso that the total amount of the bills drawn by a bank and relating to any one debtor should not exceed DM 20,000, and that no minimum amount is laid down (decision of 31 January 1951).

Bills drawn on debtors

Up to certain maximum amounts, newly fixed from time to time, promissory notes of the Import and Storage Agencies (known as Storage Agency bills) may in virtue of special decisions of the Central Bank Council be declared purchasable within the meaning of Article 19 paragraph 1 item 1 of the Law concerning the Deutsche Bundesbank and the guiding principles in force for credits, and may be used in the regulating of the money market (decision of 16 March 1961). (See page 58, "Money Market Regulation and Money Market Policy".)

Promissory notes of the Import and Storage Agencies

Also rediscountable are the bills drawn on themselves by German exporters, bearing the endorsement of the exporter's bank and of the Ausfuhrkredit-AG (Export Credit Company), and necessary prolongations of the said bills, which have been issued mainly for the purpose of financing medium and long-term transactions for deliveries to developing countries within the limit of a rediscount line accorded to the Ausfuhrkredit-AG (decisions of 5/6 March 1952 and 5 May 1960). The rediscount line, known as Limit B of the Ausfuhrkredit-AG and amounting to DM 500 million since the spring of 1957 (decision of 20 February 1957), was reduced by DM 200 million to the level of DM 300 million in March 1960 subject to the proviso that with effect from 1 June 1960 the part-lines becoming free through due repayments of credit shall in each case be regarded as having lapsed to the extent of one-half until the amount of the DM 200 million cut has been reached (decision of 5 May 1960).

Bills for financing export orders

The rediscount line may be used only for credits running for not less than one and not more than four years (decision of 6 February 1957). The exporter must as a rule himself participate to the extent of 40 per cent of the value of the order, either through use of his own resources or through recourse to his own bank (decision of 6 October 1954). Only individual transactions may be financed. The financing assistance is intended in general to bridge over the interval between the time when production begins and that when the export proceeds are received. In case of the export of mass or series-produced goods, which are produced within any manufacturer's normal production programme or are sold ex warehouse, the duration of production and of warehousing must not be included in the period for which the financing assistance runs. For export transactions of this kind, therefore, the Bundesbank's assistance is given only for the purpose of bridging over the period between despatch of the goods and receipt of the export proceeds (decisions of 18 May 1956, 25 July 1956 and 6 February 1957). The rediscount line

must not be used to provide funds for capital investment or working resources for general export purposes of the exporting firms.

Export drafts      Export drafts are no longer purchased (decision of 21/22 August 1957). The exceptional arrangement laid down at one time for Berlin (West) expired at the end of 1960 (decision of 7 July 1960).

Foreign currency bills      Under Article 19 paragraph 1 item 8 in conjunction with Article 22 of the Law concerning the Deutsche Bundesbank the Bundesbank is empowered to purchase from any person bills and cheques which are expressed in foreign currency. At present the Bank is making use of this power only in so far as it is prepared to purchase bills and cheques expressed in foreign currency not only from credit institutions but also from public departments (decisions of 16 October 1957 and 4 September 1958).

Foreign currency bills and cheques are purchased at the Deutsche Bundesbank's rate of discount (decisions of 18 May 1956 and 22 January 1958). The rates for purchase of foreign bills are laid down in conformity with the relevant forward rates, and are regularly published in the Bundesanzeiger (Federal Advertiser) (decision of 21/22 August 1957).

#### *(b) Advances on Securities*

Advances on securities (interest-bearing loans, against collateral, for not more than three months) may be granted to credit institutions against pledging of the securities and debt register claims listed in Article 19 paragraph 1 item 3 of the Law concerning the Deutsche Bundesbank. Detailed information regarding the assets eligible as security for advances, and the lending limits applicable thereto, is given in the "List of Securities Eligible at the Deutsche Bundesbank as Security for Advances" which is published in the Federal Advertiser and in the Bank's Notices.

The inclusion of a security in the above-mentioned list does not oblige the Bundesbank to grant advances, and does not limit the Bank's right to determine the cover to be provided by the borrower.

The question whether an advance against securities can be granted will be decided according to the general credit situation and the individual circumstances of the would-be borrower. In principle an advance against securities shall be granted only where the object is to cover for a short period a temporary need for liquidity, and where there are no objections to the purpose of the borrowing (decision of 17/18 December 1952).

Bills which cannot be purchased under the regulations in force are also in principle ineligible as security for advances (decision of 10 May 1949). There is an exception in the bills drawn by German exporters on themselves and financed through the Ausfuhrkredit-AG's Limit A, which bills may be taken as security for advances but may not be purchased (decisions of 5/6 December 1951 and 5 May 1960).

In other respects the "Deutsche Bundesbank's General Business Conditions" (VI. Advances) apply to the granting of advances on securities.

Notwithstanding the limitations under Article 19 paragraph 1 item 3 of the Law concerning the Deutsche Bundesbank the Bundesbank may grant loans to credit institutions, insurance companies and building and loan associations against the pledging of equalisation claims within the meaning of Article 1 of the Law on the Redemption of Equalisation Claims<sup>1)</sup>, in so far and so long as is necessary for maintaining the solvency of the pledger (Article 24 paragraph 1 of the Law concerning the Deutsche Bundesbank).

<sup>1)</sup> According to the decision taken by the Federal Constitutional Court on 16 June 1959 the Law on the Redemption of Equalisation Claims, of 14 June 1956 (Federal Law Gazette I, page 507), in the version of Article 11 of the Law for Increasing Payments in respect of Private Pension Insurance (Insurance Companies and Pension Funds) as well as of Compulsory Capital-sum Insurance, of 24 December 1956 (Federal Law Gazette I, page 1074), and of Article 26 of the Law on Amendment of Provisions of the Conversion Law (Second Supplementary Conversion Law) of 23 March 1957 (Federal Law Gazette I, page 285) is incompatible with Article 120 of the Basic Law and is therefore null and void.



## 2. Rediscount Quotas for Credit Institutions

The extent of the recourse by credit institutions to the Deutsche Bundesbank by way of rediscounting bills of exchange and foreign cheques is limited — apart from other measures of Central Bank policy — through individually proportioned rediscount quotas. The Central Bank Council has laid down standard quotas, differentiated according to categories of institutions, which are calculated on the basis of the liable funds (decisions of 17 April 1952, 15 December 1954 and 20/21 August 1959). The method of fixing the quotas contains sufficiently elastic elements.

The calculation of the standard quotas was regulated afresh with effect from 1 October 1959 (decision of 20/21 August 1959).

As from 1 March 1960 the standard quotas or parts of standard quotas were reduced, up to the amount of DM 5 million, by 10 per cent, and the parts of quotas in excess thereof by 30 per cent (decision of 18 February 1960). From 1 July 1960 onwards, instead of this arrangement, the standard quotas were reduced up to the amount of DM 5 million by 15 per cent, and in respect of their amount in excess of DM 5 million by 40 per cent (decision of 2 June 1960). With effect from 1 March 1961 the rates of reduction were lowered to 10 and 20 per cent respectively (decision of 2 March 1961). The reduction is also applied in the calculating of new standard quotas.

The rediscount quota of any large bank with a branch system, or of any other supra-regionally operating credit institution, is fixed by the Land Central Bank in the area of which the head office of the institution in question is located (decision of 17/18 September 1952).

The rediscount quotas of the following credit institutions, which have central functions for the whole area of the Federal Republic (Article 7 paragraph 1 item 2 of the Law concerning the Deutsche Bundesbank), are laid down on the basis of the standard quotas by the Directorate of the Deutsche Bundesbank (decision of 27/28 March 1958):

Ausfuhrkredit-Aktiengesellschaft, Frankfurt am Main,  
Deutsche Bau- und Bodenbank AG, Frankfurt am Main,  
Deutsche Genossenschaftskasse, Frankfurt am Main,  
Deutsche Girozentrale — Deutsche Kommunalbank, Düsseldorf,  
Deutsche Verkehrs-Kredit-Bank AG, Frankfurt am Main,  
Industriekreditbank AG, Düsseldorf,  
Kreditanstalt für Wiederaufbau, Frankfurt am Main,  
Landwirtschaftliche Rentenbank, Frankfurt am Main,  
Lastenausgleichsbank (Bank für Vertriebene und Geschädigte), Bad Godesberg,  
Privatdiskont-Aktiengesellschaft, Frankfurt am Main.

For the purpose of determining the extent to which any credit institution has used its rediscount quota the total amount of the bills (except those mentioned in the following paragraph) which the credit institution has rediscounted and which are not yet due, and of the foreign cheques, is decisive.

Outside the fixed rediscount quota those bills drawn by German exporters on themselves may be purchased which have been issued within the rediscount line (Limit B) opened by the Bundesbank for the Ausfuhrkredit-AG for the purpose of financing medium and long-term export transactions (decisions of 17 April 1952 and 15 December 1954), and also prime bankers' acceptances which have passed through the money market and, at the time of their purchase, have not more than 45 days still to run (decision of 18 December 1958).

The fixed rediscount quota must never be exceeded, not even temporarily. Credit institutions whose rediscount quota is exhausted may resort to advances against securities.

### 3. Guiding Ratios for Credits Granted by Credit Institutions

In order to bring the total amount and the structure of any credit institution's lendings into line with its financial capacities the Central Bank Council has established certain Guiding Ratios, on the observance of which the Bundesbank's assistance through rediscounting or similar operations may be made dependent.

There are four Guiding Ratios, namely

- |                   |                                                                             |
|-------------------|-----------------------------------------------------------------------------|
| Guiding Ratio I   | for the ratio of the lendings at short and medium term to the liable funds; |
| Guiding Ratio II  | for the ratio of the debtors to the total of liable funds and deposits;     |
| Guiding Ratio III | for the liquidity;                                                          |
| Guiding Ratio IV  | for the ratio of the acceptance credits to the liable funds.                |

Details of the Guiding Ratios in force since December 1954 are contained in the opposite table.

### 4. Money Market Regulation and Money Market Policy

In order to enable the Deutsche Bundesbank to conduct open-market policy on a broader basis and to ensure efficiency in credit and liquidity policy, the Federal Government, as the debtor in respect of the equalisation claim which the Bank holds under the Monetary Reform provisions, is required by law (Article 42 of the Law concerning the Deutsche Bundesbank) to hand to the Bank, on request, Treasury bills or non-interest-bearing Treasury bonds in denominations and on terms of the Bank's choice ("mobilisation paper") up to a maximum of DM 4 billion. On the Bank's request the Cabinet may increase the maximum to the nominal amount of the equalisation claim. In June 1958 the maximum was increased, on request, to the full amount of the equalisation claim (about DM 8.1 billion) entered in the Federal Debt Register in the name of the Bank. The mobilisation paper is payable at the Bundesbank. The Bank is under obligation to the Federal Government to meet all liabilities arising from such mobilisation paper.

In the course of its regulation of the money market the Bundesbank furthermore arranges the placing of Treasury bills and non-interest-bearing Treasury bonds which are issued by the Federal Government, its Special Funds and the Länder, as well as of promissory notes of the Import and Storage Agencies (Storage Agency bills). It lays down the selling rates for such money-market paper and also the purchasing rates so far as such paper is purchased (decisions of 11 January 1956 and 10 April 1958).

With a view to maintaining the efficiency of the prime acceptance market, the Bundesbank has also declared itself ready to regulate that market. In purchasing and selling prime bankers' acceptances in the market, the Bank contracts only with the Privatdiskont-Aktiengesellschaft.

### 5. Provisions as to Minimum Reserves

After entry into force of the Bundesbank Law, except for one single provision, the instructions as to minimum reserves issued by the various Land Central Banks to credit institutions under Article 14 paragraph 2, second sentence, of the Land Central Bank Law in accordance with the specimen instruction<sup>1)</sup> approved by the Board of Directors of the Bank deutscher Länder remained in force for the time being and to that extent mutatis mutandis continued to be valid (Announcement of the Deutsche Bundesbank dated 1 August 1957). The exception was the deletion of Article 2 paragraph 1 (b) of the Instructions as to Minimum Reserves. The said paragraph provided for liabilities arising from the taking of earmarked monies, so far as the latter

<sup>1)</sup> See the Report of the Bank deutscher Länder for the Year 1956, page 121 and following pages.

*Present Guiding Ratios in regard to Credits*

Guiding Ratio	Commercial Banks <sup>1)</sup>	Savings Banks	Industrial Credit Cooperatives	Agricultural Credit Cooperatives	Central Giro Institutions	Central Institutions of Industrial Credit Cooperatives	Central Institutions of Agricultural Credit Cooperatives
I	The total of the short-term and medium-term lendings to business and private customers shall not exceed 18 times the liable funds of the commercial bank. <sup>2)</sup>	The total of the short-term lendings to business and private customers shall not exceed 15 times the liable funds of the savings bank.	The total of the short-term lendings to business and private customers shall not exceed 15 times the liable funds of the industrial credit cooperative (plus the addition to these which is permitted by law).	The total of the short-term lendings shall not exceed 15 times the liable funds of the agricultural credit cooperative (plus the addition to these which is permitted by law).	The total of the short-term lendings to business and private customers shall not exceed 15 times the liable funds of the central giro institution.	The total of the short-term lendings to business and private customers shall not exceed 5 times the liable funds of the central institution of industrial credit cooperatives.	The total of the short-term lendings shall not exceed 20 times the liable funds of the central institution of agricultural credit cooperatives.
II	The debtors shall not exceed 60 per cent of the liable funds and deposits. <sup>2)</sup>	The total of the debtors plus the bills drawn on debtors shall not exceed 60 per cent of the liable funds and deposits, the savings deposits being taken at the rate of only 50 per cent.	The total of the debtors plus the bills drawn on debtors shall not exceed 70 per cent of the liable funds (plus the addition to these which is permitted by law) and of the deposits.	The total of the debtors plus the bills drawn on debtors shall not exceed 70 per cent of the liable funds (plus the addition to these which is permitted by law) and of the deposits.	The total of the debtors plus the bills drawn on debtors shall not exceed 70 per cent of the liable funds and deposits, the savings deposits being taken at the rate of only 50 per cent.	The total of the debtors plus the bills drawn on debtors shall not exceed 80 per cent of the liable funds and deposits.	No Guiding Ratio established.
III	The liquid resources shall not be less than 20 per cent of the borrowed funds.	The liquid resources shall not be less than 15 per cent of the borrowed funds, the savings deposits being taken at the rate of only 50 per cent.	The liquid resources shall not be less than 15 per cent of the borrowed funds, the savings deposits being taken at the rate of only 50 per cent.	The liquid resources shall not be less than 15 per cent of the borrowed funds, the savings deposits being taken at the rate of only 50 per cent.	The liquid resources shall not be less than 20 per cent of the borrowed funds, the savings deposits being taken at the rate of only 50 per cent.	The liquid resources shall not be less than 20 per cent of the borrowed funds, the savings deposits being taken at the rate of only 50 per cent.	No Guiding Ratio established.
IVa	The total of acceptance credits and bills drawn on debtors shall not exceed three times the liable funds.						
IVb	The acceptance credits and bills drawn on debtors, included in such credits and bills, and not serving directly to finance exports, imports or crops, shall not exceed the liable funds.						
<p><sup>1)</sup> Big banks with branch networks, state, regional and local banks, and private bankers. — <sup>2)</sup> If the position of a commercial bank in regard to Guiding Ratio I is substantially better than the standard laid down, then the Deutsche Bundesbank may take this into account in the application of Guiding Ratio II (decision of 20/21 June 1951).</p> <p><b>Remarks</b></p> <p>Any credit which a credit institution has granted to expelled persons is in principle left out of account in determining whether, and if so, to what extent, the credits granted by the institution are in accordance with the Guiding Ratios, provided that the Lastenausgleichsbank (Bank für Vertriebene und Geschädigte) — (Equalisation of Burdens Bank) — has guaranteed the credit and has placed the funds at the disposal of the credit institution. This applies also to that part of the credit on which the credit institution itself carries the commitment (decision of 11/12 April 1951).</p> <p><b>Definitions</b></p> <p><b>Liable funds:</b> These are the liable capital and reserves ("Eigenkapital") within the meaning of Article 11 paragraphs 2 and 3 of the Banking Law (Kreditwesengesetz), plus the global adjustment of values permitted under the tax laws.</p> <p><b>Debtors:</b> Credits in current account, and acceptance credits.</p> <p><b>Liquid resources:</b> Cash holdings, balances at Deutsche Bundesbank, postal cheque account balances, cheques and bills, Treasury bills and non-interest-bearing Treasury bonds of the Federal Government and the Länder, certain foreign Treasury bills and non-interest-bearing foreign Treasury bonds.</p> <p><b>Borrowed funds:</b> Deposits, monies and loans taken, own acceptances and promissory notes in circulation.</p> <p>The definitions of the Guiding Ratios conform closely with those which are in current use in the banking statistics. There are full explanations indicating which items in the form for the statistical return must be used in the calculation for the purpose of each of the Ratios.</p>							

had not yet been passed on, to carry the reserve obligation even though they had periods to maturity of four years or more and/or were liabilities to credit institutions subject to the reserve obligation. Cancellation of this special arrangement followed from Article 16 paragraph 1, first sentence, of the Bundesbank Law, under which liabilities in respect of long-term borrowings and liabilities to credit institutions required to maintain minimum reserves cannot be subjected to the minimum reserve obligation.

On 1 May 1958 the Instructions as to Minimum Reserves formerly issued by the Land Central Banks to the credit institutions were abolished. They were replaced by the Deutsche Bundesbank's Order on Minimum Reserves of 28 March 1958, adopted by the Central Bank Council under Articles 6 and 16 of the Bundesbank Law. The principal innovation contained in this Order is the cancellation of the provision — issued in accordance with Article 14 paragraph 2, first sentence, of the former Land Central Bank Law — stipulating that the credit institutions with branch establishments in several Land Central Bank areas had to decentralise their maintenance of reserves. The institutions operating on a supra-regional basis have since been able, therefore, to distribute the minimum reserves at will among the Land Central Banks in whose area the Bundesbank's account-keeping branch establishments appropriate for their branches are located (Article 5 paragraph 1).

The rate of the special interest charged for failure to meet the reserve requirement had previously been established in the Instructions as to Minimum Reserves. Under the Order of the Deutsche Bundesbank, on the other hand, it is fixed from time to time by the Bundesbank. With effect from 1 May 1958 the special interest under Article 10 paragraph 1 of the Order on Minimum Reserves was fixed at three per cent above the Deutsche Bundesbank's advance rate applying on the 15th of the month in question (decision of 24 April 1958). This has not entailed any material change.

In connection with a re-fixing of the minimum reserve ratios the Central Bank Council has, by its decision of 9 July 1959, revised with effect from the reserve month of August 1959 the reserve class system (differentiation of the minimum reserve requirements according to the size of the institutions subject to the reserve obligation) which had been introduced in May 1952 and remained in the same form since then. The previous six reserve classes (for two consecutive classes of which however equal reserve ratios had applied for years, so that in practice there were only three reserve classes) have now been replaced by four classes. The criterion for their delimitation is the total amount of an institution's liabilities subject to the reserve requirement, including savings deposits, whereas previously the savings deposits had been left out of account when placing the institutions in the various reserve classes (revision of Article 7 paragraph 3 of the Order on Minimum Reserves). The delimitation of reserve classes thus depends to a greater extent than previously on the individual institution's balance-sheet total. At the same time however, in accordance with the increase in balance-sheet totals recorded since the introduction of the reserve-class system, the limits for the various reserve classes were considerably raised. In line with the revision of the reserve-ratio structure accompanying this reform (greater differentiation of the ratios according to the size of the institutions required to maintain reserves and according to bank places or non-bank places) the ratio for savings deposits, which previously had been uniform, was for the first time graded according to bank places and non-bank places<sup>1)</sup>.

From January 1960 onwards the maximum ratios permitted by law for reserves in respect of the individual types of liability were imposed on any increase occurring as compared with 30 November 1959 in the liabilities to non-residents subject to the reserve requirement, the ratios for increases being thus 30 per cent in the case of sight liabilities, 20 per cent in that of time liabilities and 10 per cent in that of savings deposits (decision of 17 December 1959).

<sup>1)</sup> Cf. Monthly Report of the Deutsche Bundesbank for July 1959, page 53 and following pages.

Under a decision adopted by the Central Bank Council on 17 March 1960 the Order on Minimum Reserves was changed with effect from April 1960 in two further respects.

Firstly, liabilities on foreign-currency deposits were exempt from the reserve obligation not only — as had previously been the case — for the amount of the balances maintained with foreign banks (after deduction of the balances kept abroad as cover for customers' deposits in respect of letters of credit and other covering balances), but also to the extent to which they had against them investments in foreign money-market paper running for not more than two years (formerly Article 2 paragraph 3 (e)).

Secondly, the possibility of calculating, for establishing the required minimum reserve, the monthly average of the liabilities subject to the reserve obligation from the positions as at the close of four fixed dates had been excluded for liabilities to non-residents (former version of Article 8 paragraph 2, second sentence). To these liabilities accordingly applied, for establishment of the monthly average, the calculation of daily averages (Article 8 paragraph 1), which in principle is provided for anyway.

Under a decision adopted by the Central Bank Council on 2 June 1960, any addition to the minimum-reserve-carrying liabilities to residents over and above the average level for the months March to May 1960 was made subject, with effect from July 1960, to the highest reserve ratios permitted by law. That ruling was cancelled on 1 December 1960 with effect from the same month.

By decision of 2 June 1960 the Central Bank Council also in some respects amended the Deutsche Bundesbank's Order on Minimum Reserves with effect from the reserve month of July 1960.

Thus, offsetting of foreign-currency deposits against the credit institutions' balances at foreign banks and their money-market investments abroad, which had previously been possible, was banned (deletion of Article 2 paragraph 3 (e)).

In addition, the credit institutions' liabilities in respect of customers' drawings on credits opened with third parties abroad — previously exempt from the reserve obligation — were subjected to the reserve requirement, at the highest rates permitted by law, to the extent that they exceed the level of 31 May 1960 (Article 2 paragraph 3 (f)).

Moreover, calculation of the monthly average of reserve-carrying liabilities to foreigners from the four dates specified in Article 8 paragraph 2, first sentence, has been re-admitted in principle (Article 8 paragraph 2, second sentence).

By its decision adopted on 18 August 1960 and with effect from September 1960, the Central Bank Council, complying with the wishes expressed by credit institutions — more particularly the major banks with branches — shifted back by one week the period, or the fixed dates, for which the credit institutions have to establish their reserve-carrying liabilities for calculation of the required reserve (amendment of Article 8 paragraph 1 and paragraph 2, first sentence).

Under a decision adopted by the Central Bank Council on 20 April 1961 the provisions regarding minimum reserves in respect of liabilities to non-residents were revised to the effect that, as from the reserve month of May 1961, credit institutions may deduct from their liabilities to non-residents the credit balances they maintain with banks abroad as well as their holdings of foreign money-market investments (insertion of paragraph 4 in Article 2). At the same time the maximum ratios permitted by law were imposed on the remaining liabilities to non-residents. The regulation concerning the addition to liabilities, as resolved on 17 December 1959, was thereby cancelled.

For the sake of clarity the version of the Deutsche Bundesbank's Order on Minimum Reserves now in force is reproduced on the following pages.

## The Deutsche Bundesbank's Order on Minimum Reserves

of 16 April 1959

as amended on 9 July 1959, 17 March, 2 June and 18 August 1960, and 20 April 1961

In pursuance of Articles 6 and 16 of the Law concerning the Deutsche Bundesbank the Central Bank Council of the Deutsche Bundesbank has resolved on the following Order as to Minimum Reserves:

### I. General Provisions

#### Article 1

- (1) Credit institutions within the meaning of this Order comprise all enterprises conducting bank or savings bank business within the country (Article 1 of the Banking Law).
- (2) Not subject to the reserve obligation are:
  - (a) the enterprises mentioned in Article 2 paragraph 1 d to f of the Banking Law, except those quoted in Article 2 paragraph 1 d of the Banking Law, to whom the provisions of the Banking Law apply in unlimited degree;
  - (b) the investment companies (Law dated 16 April 1957);
  - (c) the security-clearing institutions (Kassenvereine);
  - (d) credit institutions which are in liquidation, and other credit institutions whose activity is confined to winding up.

#### Article 2

- (1) Liabilities subject to the reserve requirement comprise all liabilities to
  - (a) non-banks,
  - (b) credit institutions not subject to the reserve requirement, and
  - (c) banks in foreign countries,arising from deposits and from loans taken, the latter for agreed periods to maturity, or at agreed periods of notice, of less than four years.
- (2) For the purpose of ascertaining the liabilities subject to the reserve requirement an account-holder's deposits payable on demand may be reduced by the offsetting of short-term claims on that account-holder on
  - (a) accounts which in the calculation of interest and commission are treated together with the deposit accounts in question as a unit,
  - (b) special loan accounts in accordance with Article 2 paragraph 4 of the Agreement regarding Debtor Interest (the so-called "English accounting method").This does not apply to deposits in foreign currency.
- (3) Exempt from the reserve requirement are liabilities
  - (a) to the Bundesbank;
  - (b) in respect of earmarked monies taken as loans, so far as the said monies have already been passed on to the recipients or to an intermediary credit institution. Earmarked monies within the meaning of this provision are monies which according to directions laid down from the outset by the lender in regard to the terms of lending in particular are to be lent to borrowers designated by name by the lender or — where it is a case of a public or publicly assisted lending scheme — to borrowers who fulfil the requirements for taking part in the said lending scheme; the agreed maturity or period of notice of the earmarked monies as well as of the credits granted or to be granted out of this source must be not less than one year, unless a public or publicly assisted lending scheme is concerned;
  - (c) of private or public mortgage banks or ship mortgage banks in respect of monies which have been taken as global loans but have not yet been passed on to the borrowers indicated, and for the purpose of securing which there has been transferred to the lender a registered mortgage bond that is covered not by mortgages but by substitute cover through use of the loan monies received,
  - (d) in respect of balances for covering letters of credit, and of other covering balances, in so far as the credit institution for its part maintains a corresponding covering balance at a bank within the country or abroad;
  - (e) (annulled)
  - (f) in respect of customers' drawings on credits opened at other credit institutions in the Federal Republic as well as in respect of customers' drawings on credits opened with third parties abroad, in so far as such credits do not exceed their level as of 31 May 1960;
  - (g) in respect of the receipt of amounts collected purely on a commission basis, so far as the said amounts are currently paid over to the beneficiaries. Amounts are to be regarded as "currently paid over" if they remain at the collecting institution for not longer than 14 days;

- (h) in respect of compensation balances within the meaning of Article 4 of the Law on Currency Conversion Compensation for Expelled Persons' Savings Balances, in so far as such balances have not yet been released (Article 11 paragraph 3 of the Law):
  - (i) in respect of savings deposits to the extent of the covering claims held under the "Old Savings Law" for amounts credited as compensation on deposit accounts.
- (4) Exempt from the reserve obligation are, moreover, liabilities to non-residents — in so far as they are not already exempt under the above provisions — in the amount of the credit balances maintained with banks abroad and not taken into account according to paragraph 3 (d) and the foreign money-market investments (bank acceptances, bank-endorsed commercial bills, Treasury bills and non-interest-bearing Treasury bonds).

#### Article 3

- (1) Among the liabilities subject to the reserve requirement a distinction is made between:
- (a) sight liabilities,
  - (b) time liabilities, and
  - (c) savings deposits.
- (2) Sight liabilities are deemed to comprise liabilities due on demand, as well as liabilities in respect of which a period of notice of less than one month or a period to maturity of less than 30 days has been agreed.
- (3) Time liabilities are deemed to comprise
- (a) liabilities in respect of which a fixed period to maturity of at least 30 days has been agreed;
  - (b) liabilities in respect of which a period of notice of at least one month has been agreed.
- (4) Savings deposits are deemed to comprise deposits within the meaning of Chapter VII (Article 22 and following Articles) of the Banking Law.

#### Article 4

A "bank place" (Bankplatz) within the meaning of the provisions as to minimum reserves is any place at which the Deutsche Bundesbank maintains a branch establishment. In exceptional cases where due reason exists the appropriate Land Central Bank may declare localities within a "bank place" which are difficult of access, for example distant suburbs included within the municipal boundaries, to be "non-bank places".

### II. Reserve Obligation

#### Article 5

- (1) Credit institutions subject to the reserve requirement (Article 1) are required to maintain minimum reserves at the Bundesbank as credit balances on giro account.
- (2) Agricultural credit cooperatives which are affiliated to a regional central institution and maintain no giro account at the Bundesbank are to keep the minimum reserves as balances payable on demand on a special account at their central institution; to the extent of the balances on such accounts the central institution is to maintain credit balances at the Bundesbank.

#### Article 6

The duty to maintain minimum reserves is fulfilled if a credit institution's actual reserve (Article 9) comes up to the required reserve (Article 7).

### III. Calculation of the Required and Actual Reserves

#### Article 7

- (1) The required reserve is found by applying the percentages fixed by the Bundesbank (reserve ratios) to the monthly average, ascertained in accordance with Article 8, of the liabilities subject to the reserve requirement (Article 2). In the case of credit institutions with more than one branch or office the monthly averages of the individual branches' or offices' liabilities subject to the reserve requirement will be reckoned together.
- (2) The required reserve of a central institution of agricultural credit cooperatives means the required reserve found according to paragraph 1 plus the total actual reserves of the cooperatives holding reserves with it.
- (3) If the reserve ratios are set at different levels according to the size of the institutions (reserve classes), then the ranking of a credit institution in one of the reserve classes is determined by the total of the monthly averages shown in the previous month's Reserve Statement (Article 11) for its liabilities subject to the reserve requirement.

#### Article 8

- (1) The monthly average of the liabilities subject to the reserve requirement will be calculated from the totals at the close of the business and non-business days in the period from the 16th of the previous month to the 15th of the current month.

- (2) The monthly average can instead be calculated uniformly for all categories of liabilities subject to the reserve requirement (Art. 3) from the total of these liabilities as they stand at the close of the following four days:

23rd day of the previous month;  
last day of the previous month;  
7th day of the current month;  
15th day of the current month.

This method may be excluded in individual cases where there is reason to assume that the credit institution has influenced the level of the reserve-carrying liabilities at the four fixed dates so as to depress it below the amount which would result from calculation according to Article 8 paragraph 1.

- (3) Agricultural credit cooperatives may use, in place of the monthly average, the total of the liabilities subject to the reserve requirement as they stood at the close of the last day of the previous month. In exceptional cases where due reason exists the appropriate Land Central Bank may permit other credit institutions to do the same.
- (4) If one of the days mentioned in paragraphs 1 to 3 falls on a non-business day, then for the total of the liabilities subject to the reserve requirement on that day the total at the close of the previous business day shall be taken.
- (5) In the case of agricultural credit cooperatives which maintain minimum reserves in accordance with Article 5 paragraph 2, the appropriate Land Central Bank may permit an ascertained monthly average to stand good for a further period of up to five months.

#### Article 9

- (1) The actual reserve means the monthly average of the credit balance maintained in accordance with Article 5. It will be calculated from the totals at the close of all the days in the month — the total balance on any non-business day being deemed to be the balance ascertained as at the close of the preceding business day — and will be notified to the credit institution at the close of the month by the Bundesbank (or the appropriate central institution in the case of agricultural credit cooperatives).
- (2) If a credit institution keeps a giro account at more than one office of the Bundesbank, the actual reserve is deemed to be the total of the monthly averages of the individual credit balances.

### IV. Special Interest

#### Article 10

- (1) If in any month a credit institution's actual reserve falls short of its required reserve the said credit institution shall for 30 days pay on the deficiency, unless the Bundesbank grants a request for waiver of the interest payment, special interest at the rate from time to time ordered by the Bundesbank.
- (2) Deficiencies of agricultural credit cooperatives which maintain minimum reserves in accordance with Article 5 paragraph 2 may not be offset by the central institution against its own surplus reserve or the surplus reserve of another cooperative. In respect of deficiencies of cooperatives the central institution shall pay the special interest to the Bundesbank.

### V. Reserve Statement

#### Article 11

- (1) Not later than the 5th business day in each month every credit institution subject to the reserve requirement is in respect of the past month, except as otherwise provided in paragraphs 2 and 3, to submit a Reserve Statement (Form 1500, Section A)<sup>1)</sup> to the account-keeping office of the Bundesbank. For each day (Article 8) this Statement shall show — on a schedule in the case of liabilities the monthly average of which is calculated in accordance with Article 8 paragraph 1 — the liabilities subject to such requirement divided according to the different categories (Article 3) and, divided between liabilities in accordance with paragraphs 2 and 3 of Article 2, the liabilities left out of account in accordance with the said paragraphs of that Article.
- (2) In the case of credit institutions having more than one office or branch each such office or branch is to render a Reserve Statement (Form 1500, Section A)<sup>1)</sup>. The head office is in addition to render a Combined Statement (Form 1500, Section B)<sup>2)</sup>, in which the monthly averages of each branch's or office's liabilities subject to the reserve requirement and of its Bundesbank giro balances are to be separately shown, so far as the branch or office maintains a Bundesbank giro account of its own; the monthly averages of the liabilities, subject to the reserve requirement, of branches or offices not having a Bundesbank giro account of their own may be shown in summary with an indication of the number of such branches or offices. The monthly averages of the liabilities subject to the reserve requirement are in every case to be split between bank places and non-bank places according to Form 1500 (Section B)<sup>2)</sup>. The head office is to submit the Combined Statement together with the

<sup>1)</sup> Now Form 1500.

<sup>2)</sup> Now Form 1500 a.



Statements of the individual branches or offices, also not later than the 5th business day in the month, to the Bundesbank's account-keeping office appropriate to its location; the appropriate Land Central Bank may permit their submission to another office of the Bundesbank.

- (3) Agricultural credit cooperatives which maintain minimum reserves in accordance with Article 5 paragraph 2 are to give to their central institution the data required in Form 1500 (Section A)<sup>1)</sup> for the calculation of the required reserve. For each cooperative maintaining a reserve with it the central institution shall state, in a schedule to its Reserve Statement, the monthly averages (Article 8) of the liabilities subject to the reserve requirement, the required reserve and the actual reserve.
- (4) The Bundesbank may cause the ascertainment of the liabilities subject to the reserve requirement to be explained to it in the Reserve Statement or in a schedule thereto. It retains the right to assure itself that the said ascertainment is in order.

## VI. Coming into Force

### Article 12

The Order in the foregoing version comes into force on 1 May 1959. At the same time "The Deutsche Bundesbank's Order on Minimum Reserves of 28 March 1958" ceases to have effect.

Deutsche Bundesbank  
(sgd.) Blessing (sgd.) Dr. Wolf

<sup>1)</sup> Now Form 1500.

## 6. Interest Rates and Minimum Reserve Ratios of the Deutsche Bundesbank\*)

### (a) Rates for Discounts and Advances, and Special Rate of Interest charged for failure to meet the Minimum Reserve Requirement

Applicable from:	Discount rate <sup>1)</sup>	Rate for advances on securities	Special rate of interest charged to credit institutions for failure to meet the minimum reserve requirement
	% per annum	% per annum	% p. a. over advance rate
1948 July 1	5	6	1
Dec. 1			3
1949 May 27	4 1/2	5 1/2	
July 14	4	5	
1950 Oct. 27	6 <sup>2) 3)</sup>	7	
Nov. 1			1
1951 Jan. 1			3
1952 May 29	5 <sup>4)</sup>	6	
Aug. 21	4 1/2	5 1/2	
1953 Jan. 8	4	5	
June 11	3 1/2	4 1/2	
1954 May 20	3	4	
1955 Aug. 4	3 1/2	4 1/2	
1956 March 8	4 1/2	5 1/2	
May 19	5 1/2 <sup>5)</sup>	6 1/2	
Sep. 6	5	6	
1957 Jan. 11	4 1/2	5 1/2	
Sep. 19	4	5	
1958 Jan. 17	3 1/2	4 1/2	
June 27	3	4	
1959 Jan. 10	2 3/4	3 3/4	
Sep. 4	3	4	
Oct. 23	4	5	
1960 June 3	5	6	
Nov. 11	4	5	
1961 Jan. 20	3 1/2	4 1/2	
May 5	3	4	

\*) Up to 31 July 1957 rates of Bank deutscher Länder and of Land Central Banks.

<sup>1)</sup> This is also the rate for cash advances to public authorities and to the Reconstruction Loan Corporation; cf. footnotes <sup>2)</sup> and <sup>4)</sup>. The discount rate for bills expressed in foreign currency was uniformly fixed at 3%, for the time being, by a decision adopted by the Board of Directors of the Bank deutscher Länder on 3 August 1948. By decision of 9/10 November 1949 the Board of Directors authorised the Board of Managers to fix varying rates for bills in this class, in accordance with the discount rates of the foreign Central Banks. The same applied to bills in DM which had been accepted abroad (decision of 22/23 March 1950), and also to export drafts (decisions of 15/16 November 1950 and 23/24 May 1951); cf. footnote <sup>5)</sup>. — <sup>2)</sup> Promissory notes arising under the export promotion scheme of the Reconstruction Loan Corporation were discounted at the preferential rate of 4% even after the raising of the discount rate on 27 October 1950 (decision of 29/30 November 1950). This privilege in regard to the interest rate was cancelled by decision of 7/8 November 1951; and it could then be claimed only for promissory notes arising from credits which were granted or promised not later than 7 November 1951. — <sup>3)</sup> Under a decision taken by the Board of Directors of the Bank deutscher Länder on 20 December 1950 the interest rate for cash advances to the Reconstruction Loan Corporation was fixed, with effect from 27 October 1950, at 4% in the case of lendings to agriculture, maritime shipping and housebuilding, while for credits serving other purposes it was fixed at 5 1/2%. — <sup>4)</sup> From 29 May 1952 onwards there had been in effect only the special arrangement mentioned under <sup>3)</sup> for lendings to be used for financing agriculture, maritime shipping and housebuilding, to which lendings the rate of 4% applied until their settlement. — <sup>5)</sup> From 19 May 1956 onwards also discount rate for foreign bills, foreign cheques, foreigners' DM acceptances and export drafts.

(b) Reserve Ratios and Reserve Classes

1. Reserve Ratios<sup>1)</sup>

per cent of reserve-carrying liabilities

Applicable from reserve month:	Sight liabilities												Time liabilities						Savings deposits		Reserve ratios for addition to liabilities		
	Bank places						Non-bank places						Reserve class						Bank places	Non-bank places	Sight liabilities	Time liabilities	Savings deposits
	Reserve class												Reserve class										
	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6					
<b>Reserve-carrying Liabilities to Residents</b>																							
all such liabilities																							
1948 July				10							10							5			5		
Dec.				15							10							5			5		
1949 June				12							9							5			5		
Sep.				10							8							4			4		
1950 Oct.				15							12							8			4		
1952 May	15	14	13	12	11	10	12	11	10	9	8	8	8	7.5	7	6.5	6	5.5			4		
Sep.	12	12	11	11	10	9	10	10	9	9	8	8	7	7	6	6	5	5			4		
1953 Feb.	11	11	10	10	9	9	9	9	8	8	8	8	7	7	6	6	5	5			4		
1955 Sep.	12	12	11	11	10	10	10	10	9	9	9	9	8	8	7	7	6	6			5		
1957 May	13	13	12	12	11	11	11	11	10	10	9	9	9	9	8	8	7	7			6		
1959 Aug.	13	12	11	10	—	—	10	9	8	7	—	—	9	8	7	6	—	—	6	5			
Nov.	14.3	13.2	12.1	11.0	—	—	11.0	9.9	8.8	7.7	—	—	9.9	8.8	7.7	6.6	—	—	6.6	5.5			
1960 Jan.	15.6	14.4	13.2	12.0	—	—	12.0	10.8	9.6	8.4	—	—	10.8	9.6	8.4	7.2	—	—	7.2	6.0			
Mar.	18.2	16.8	15.4	14.0	—	—	14.0	12.6	11.2	9.8	—	—	12.6	11.2	9.8	8.4	—	—	8.4	7.0			
June	20.15	18.60	17.05	15.50	—	—	15.50	13.95	12.40	10.85	—	—	13.95	12.40	10.85	9.30	—	—	9.00	7.50			
such liabilities up to the average level of the months March to May 1960																							
July	20.15	18.60	17.05	15.50	—	—	15.50	13.95	12.40	10.85	—	—	13.95	12.40	10.85	9.30	—	—	9.00	7.50	30	20	10
all such liabilities																							
Dec.	20.15	18.60	17.05	15.50	—	—	15.50	13.95	12.40	10.85	—	—	13.95	12.40	10.85	9.30	—	—	9.00	7.50			
1961 Feb.	19.50	18.00	16.50	15.00	—	—	15.00	13.50	12.00	10.50	—	—	13.50	12.00	10.50	9.00	—	—	8.70	7.25			
Mar.	18.20	16.80	15.40	14.00	—	—	14.00	12.60	11.20	9.80	—	—	12.60	11.20	9.80	8.40	—	—	8.10	6.75			
April	17.55	16.20	14.85	13.50	—	—	13.50	12.15	10.80	9.45	—	—	12.15	10.80	9.45	8.10	—	—	7.80	6.50			
<b>Reserve-carrying Liabilities to Non-residents</b>																							
all such liabilities																							
(Until April 1957 ratios were the same as for liabilities to residents)																							
1957 May	20	20	20	20	20	20	20	20	20	20	20	20	10	10	10	10	10	10			10		
Sep.	30	30	30	30	30	30	30	30	30	30	30	30	20	20	20	20	20	20			10		
1959 April	13	13	12	12	11	11	11	11	10	10	9	9	9	9	8	8	7	7			6		
Aug.	13	12	11	10	—	—	10	9	8	7	—	—	9	8	7	6	—	—	6	5			
Nov.	14.3	13.2	12.1	11.0	—	—	11.0	9.9	8.8	7.7	—	—	9.9	8.8	7.7	6.6	—	—	6.6	5.5			
such liabilities up to the level as of 30 November 1959																							
1960 Jan.	15.6	14.4	13.2	12.0	—	—	12.0	10.8	9.6	8.4	—	—	10.8	9.6	8.4	7.2	—	—	7.2	6.0	30	20	10
March	18.2	16.8	15.4	14.0	—	—	14.0	12.6	11.2	9.8	—	—	12.6	11.2	9.8	8.4	—	—	8.4	7.0	30	20	10
June	20.15	18.60	17.05	15.50	—	—	15.50	13.95	12.40	10.85	—	—	13.95	12.40	10.85	9.30	—	—	9.0	7.5	30	20	10
all such liabilities																							
1961 May	30	30	30	30	30	30	30	30	30	30	30	30	20	20	20	20	20	20	10	10			no special ratios

<sup>1)</sup> Prior to May 1954, partly different regulations applied to the Berlin credit institutions. The Saarland credit institutions have been subject to the minimum reserve requirement since August 1959. — <sup>2)</sup> From July 1960 onwards these ratios apply also to the addition, as compared with the level on 31 May 1960, to credits availed of by customers with third parties abroad. Up to the level as at 31 May 1960 these liabilities remain exempt from the reserve requirement.

2. Reserve Classes<sup>1)</sup>

From May 1952 to July 1959		From August 1959 onwards	
Reserve class	Credit institutions with reserve-carrying liabilities (not including savings deposits)	Reserve class	Credit institutions with reserve-carrying liabilities (including savings deposits)
1	of DM 100 million and over	1	of DM 300 million and over
2	of DM 50 to under 100 million	2	of DM 30 to under 300 million
3	of DM 10 to under 50 million	3	of DM 3 to under 30 million
4	of DM 5 to under 10 million	4	under DM 3 million
5	of DM 1 to under 5 million		
6	under DM 1 million		

<sup>1)</sup> The reserve class into which any credit institution is to be placed is determined by the amount of its reserve-carrying liabilities in the preceding month.

## II. Arrangements on Matters of Foreign Exchange Policy

After unrestricted liberty of money and capital movements between the Federal Republic and foreign countries had been announced at the end of 1958, this liberty was partly limited again at the middle of 1960. The orders made in that connection by the Deutsche Bundesbank were designed to check an excessive inflow of foreign money into the Federal Republic, and to bring the pattern of money and capital transactions with foreign countries into conformity with the strengthening — effected by the Bundesbank at that time — of its internal restrictive measures.

At the beginning of June 1960 an order was made laying down that interest will no longer be paid on foreigners' sight deposits at German credit institutions. According to this order, interest may be allowed on foreigners' time deposits only up till the expiry of the agreed period to maturity, or up till the next possible termination date. Interest can still be paid on savings deposits of physical persons. Payment of interest

From the same date onwards residents have no longer been permitted to sell to non-residents German money-market paper (Treasury bills, non-interest-bearing Treasury bonds, Storage Agency bills, bank-endorsed bills and bank acceptances). So as to prevent evasions an order was at the same time made forbidding the sale of German fixed-interest securities to non-residents subject to an obligation to repurchase the securities later at a fixed price ("en pension" security transactions). Money-market paper

Finally German financial institutions have been forbidden to assume, without special permission, liability for repayment of loans obtained by residents abroad. Bank guarantees

The liberalising of goods imports was continued in the year under report. The overall liberalisation ratio for imports (other than Government trade) from OEEC member countries (basis year 1949) was raised from 92.2 to 92.6 per cent, and that for imports from the dollar countries (basis year 1953) from 87.1 to 89.1 per cent. On the revision of the liberalisation list the distinction between liberalisation areas was abandoned, and the number of lists of countries was reduced to two. Further alleviations have resulted from the dropping of certain procedural regulations and import-forms, as well as from amendment of the regulations as to reporting payments made. In the case of so-called "everyman imports" the possibility of importing certain goods has been excluded. Import of goods

The list of goods the export of which requires a delivery permit or a booking certificate has been further cut down. Export of goods

The table entitled "Comparative Survey of the Progressive Liberalisation of Trade in Goods and the Main Items of Services and Capital Transactions with Foreign Countries" shows the progressive removal of exchange control in the Federal Republic since the end of 1949.

Representatives of the Deutsche Bundesbank have taken part as consultants in the work of the Foreign Trade Committee of the German Bundestag on the Foreign Trade and Payments Law. This Law, after the coming of which into force the existing Allied Exchange Control Laws will no longer be applicable to foreign trade and payments, will enable the Deutsche Bundesbank to continue in future to exert its influence on the procedure for capital and payment transactions with foreign countries as well as transactions in foreign assets and gold. In the same connections the Foreign Trade and Payments Law provides that the granting of any requisite permits shall be within the province of the Deutsche Bundesbank. The Deutsche Bundesbank will also co-operate, in the same way as hitherto, in the production of foreign trade and payments statistics. In addition the Bundesbank, as well as certain other authorities, will be given the right to request information and to carry out investigations among those who are obliged to furnish it. Foreign Trade and Payments Law

Comparative Survey of the Progressive Liberalisation of Trade in Goods and the

	Position at end of 1949	Position at end of 1956	Position in July 1958	Position in May 1961
<b>A. Trade in Goods</b>				
Liberalisation of the Import of Goods				
I. from O.E.E.C. Countries (in p.c. of 1949 imports)	47 per cent <sup>1)</sup>	92.4 per cent <sup>1)</sup>	94.0 per cent <sup>1)</sup>	92.6 per cent <sup>1)</sup>
II. from Dollar Countries (in p.c. of 1953 imports)	—	92.9 per cent <sup>1)</sup>	95.0 per cent <sup>1)</sup>	89.1 per cent <sup>1)</sup>
<b>B. Services</b>				
I. Transfer in respect of incidental expenses and services directly resulting from trade (e.g. freight and insurance)	transport costs free, otherwise Special Licence	free	free	free
II. Transfer in respect of incidental expenses and services indirectly resulting from trade				
1) Commissions	Special Licence	free	free	free
2) Expenses on commercial agency reports and publicity	free	free	free	free
3) Licence fees (current and non-recurring)	Special Licence	free up to DM 50,000 per quarter, or DM 300,000 once	free	free
III. Insurance (for transport insurance see B. I)				
1) Property insurance contracts	not permitted	free (with certain exceptions)	free (with certain exceptions)	free (with certain exceptions)
2) Life assurance contracts				
a) between residents and foreign life assurance companies	not permitted	not permitted	Special Licence	free
b) between non-residents and German life assurance companies	not permitted	free on DM basis	free on DM basis	free
c) between residents and German life assurance companies, in foreign currency	not permitted	not permitted	not permitted	free
3) Active and passive reinsurance and further reinsurance — in any currency — conclusion and performance	Special Licence	free	free	free
IV. Transfer of employees' compensation (wages and salaries, old-age, disability and retirement pensions, fees)	Special Licence	free	free	free
V. Travel				
1) Purchase and export of national and foreign payment media to be used abroad by residents of the Federal Republic	Special Licence, private journeys only in exceptional cases	free	free	free
2) Export of national and foreign payment media by foreigners when leaving the country				
a) national payment media	free up to DM 40	free	free	free
b) foreign payment media	free up to amount of imported foreign payment media	free	free	free
3) Import of foreign and national payment media				
a) by residents				
aa) national payment media	free up to DM 40	free	free	free
ab) foreign payment media	free	free	free	free
b) by foreigners				
ba) national payment media	free up to DM 40	free	free	free
bb) foreign payment media	free	free	free	free
VI. Miscellaneous payments to foreign countries				
1) Inheritances	to Blocked DM Account	free in currency of limited convertibility; otherwise Special Licence	free	free
2) Dowries	to Blocked DM Account under Special Licence	free in currency of limited convertibility up to DM 50,000; otherwise Special Licence	free	free
3) Gifts and support payments to physical persons	to Blocked DM Account under Special Licence	free up to DM 300 per month	free	free
4) Legal and contractual maintenance payments	to Blocked DM Account under Special Licence	free up to DM 3,000 per month	free	free
5) Loans to relatives abroad	not permitted	Special Licence	free	free
6) Winnings from governmentally approved gaming (lotteries, totalisator, etc.)	to Blocked DM Account under Special Licence	free in currency of limited convertibility; otherwise Special Licence	free	free
7) Prizes, e.g. art, literature or sport prizes and prizes in connection with public and other competitions	to Blocked DM Account under Special Licence	free up to DM 50,000	free	free
8) Fines and penalties; compensation on the ground of tortious act, of average and on other non-contractual grounds of liability; unjustified enrichment	to Blocked DM Account under Special Licence	free	free	free
9) Taxes and public imposts	to Blocked DM Account under Special Licence	Special Licence	free	free
10) Individual indemnification	to Blocked DM Account	free in currency of limited convertibility; otherwise Special Licence	free	free

<sup>1)</sup> Excluding governmental imports. Position in May 1959: 91.8 per cent and 85.3 per cent, respectively.

*Main Items of Services and Capital Transactions with Foreign Countries*

	Position at end of 1949	Position at end of 1956	Position in July 1958	Position in May 1961
<b>C. Capital Transactions</b>				
I. Income from foreign-owned investments in the Federal Republic and countervalue of drawn bonds	to Blocked DM Account	free	free	free
II. Repatriation of foreign-owned capital or investments (including transfer of capital assets to emigrants)				
1) Proceeds of sale, redemptions, repayments	to Blocked DM Account	free in currency of limited convertibility; otherwise Special Licence	free	free
2) Balances on accounts at financial institutions	not permitted	free in currency of limited convertibility; otherwise Special Licence	free	free
3) Acquisition of German securities and external bonds abroad by residents of the Federal Republic	not permitted	not permitted (free for German external bonds)	free	free
III. Interest and redemption payments under the London Debts Agreement	Agreement not yet concluded	full service according to Agreement	full service according to Agreement	full service according to Agreement
IV. Fresh investments				
1) Foreign investments in the Federal Republic				
a) German securities	not permitted, except in certain cases out of original Blocked DM Accounts	marketable securities free out of Liberalised Capital Accounts; otherwise Special Licence	free against freely convertible currency	free (except for "en pension" security transactions)
b) German money-market paper	not permitted	not permitted	not permitted	not permitted at present
c) DM loans running for not less than 5 years	not permitted	free out of Liberalised Capital Accounts, maximum interest rate 4½%; otherwise Special Licence	free against freely convertible currency; otherwise Special Licence	free
Loans in foreign currency running for not less than 5 years	not permitted	Special Licence	Special Licence	free
Loans running for less than 5 years	not permitted	Special Licence	Special Licence	free
d) Participations	not permitted	free out of Liberalised Capital Accounts up to DM 500,000, otherwise Special Licence	free	free
e) Real estate	not permitted	free out of Liberalised Capital Accounts	free	free
2) German investments abroad				
a) Enterprises, branch establishments and participations	not permitted	free up to DM 3 million for German enterprises	free	free
b) Acquisition of foreign securities	not permitted	free (marketable securities only)	free (marketable securities only)	free
c) Acquisition of real estate	not permitted	Special Licence	free	free
V. Import and export of foreign-owned securities	not permitted	free	free	free
VI. Import of gold coin and dealings therein in the Federal Republic	not permitted	free	free	free
<b>D. Special Official Deliveries and Payments</b>				
1) Israel Agreement	Agreement not yet concluded	deliveries and payments according to Agreement	deliveries and payments according to Agreement	deliveries and payments according to Agreement
2) Federal Indemnification Law	Law not yet promulgated	free	free	free
3) Federal Restitution Law	Law not yet promulgated	Law not yet promulgated	free	free
4) War Consequences Law	Law not yet promulgated	Law not yet promulgated	free	free
<b>E. Keeping of Accounts</b>				
I. For foreigners, at financial institutions in the Federal Republic	Blocked DM Accounts only (interest-bearing)	Accounts of limited and of free convertibility (non-interest-bearing)	Accounts of limited and of free convertibility (non-interest-bearing)	All accounts freely convertible (interest only on savings accounts of physical persons)
II. For residents, at foreign financial institutions				
1) Financial institutions	Opening and operation restricted	Opening free; operation restricted	Opening free; operation restricted	Opening and operation free
2) Business enterprises	not permitted	Opening and operation restricted	Opening free; operation restricted	Opening and operation free
3) Private persons	not permitted	Opening and operation restricted	Opening free; operation restricted	Opening and operation free
III. Foreign currency accounts for residents, at financial institutions in the Federal Republic	not permitted	Opening free; operation restricted	Opening free; operation restricted	Opening and operation free

Interzonal transactions

Since interzonal transactions are not affected by the Foreign Trade and Payments Law, in that sphere the functions and powers of the Deutsche Bundesbank as well as the orders made by it remain as before.

In the regulation which governs interzonal goods and service transactions, and which has been in force since 1 January 1961, a notable feature is the obligation of each contracting party to make cash payments in DM (West) into the clearing accounts when the limits of swing are reached, and on 30 June of every year — for the first time in 1962 — to settle by such cash payments any debit balances existing on the said clearing accounts. The total amount of the swing was again fixed at DM 200 million.

## Part B

# Explanation of the Deutsche Bundesbank's Annual Statement for 1960

## Legal Bases, Classification and Valuation

The provisions regarding the Deutsche Bundesbank's accounting system, Annual Statement and profit distribution (Articles 26 and 27 of the Law concerning the Deutsche Bundesbank of 26 July 1957 — Federal Law Gazette I, page 745) remain the same as in the previous year.

Legal bases

In accordance with Article 31 paragraphs 4 and 6 of the Law concerning the Deutsche Bundesbank the latter's Central Bank Council on 23 June 1960 resolved the Bank's Staff Regulations as well as the regulations relating to the qualifying training and careers of the Bank's officials. After the assent of the Federal Government these were published in the Bundesanzeiger (Federal Advertiser) on 30 July 1960, and came into force on 1 August 1960. The new Staff Regulations replace the provisions of the Bank deutscher Länder's Staff Regulations of 19 November 1954 which were mentioned in Article 40 paragraph 7 of the Bundesbank Law, and which after the establishment of the Bundesbank continued to apply for a transition period of not longer than three years. Within the framework of Article 31 paragraphs 4 and 5 of the Bundesbank Law they regulate the status of the Bank's officials and salaried employees in so far as the requirements of orderly and efficient banking business require modification of the provisions of Federal civil service law and of the law as to scales of payment for salaried employees.

The new regulations as to careers take the place of the regulations which were issued by the Board of Directors of the Bank deutscher Länder with reference to the qualifying training and careers of officials, and which according to Article 40 paragraph 7 of the Bundesbank Law continued to apply for a transition period of not longer than three years. In execution of Article 13 of the Regulations as to Careers the Central Bank Council on 15 December 1960 decided on the Rules as to Qualifying Training and Examinations for Careers in the Deutsche Bundesbank (administrative banking service, executive service, clerical service [office], clerical service [tally]). These came into force on 1 January 1961; in the Federal Advertiser of 29 December 1960 attention was drawn to the publishing of the new rules for training and examinations in the Notices of the Deutsche Bundesbank.

For its salaried employees and wage-earners the Deutsche Bundesbank in the year under report adopted by way of additional collective agreements a series of regulations which had been collectively agreed for salaried employees and wage-earners of the Federal Government, doing so after additional agreements as to application to the Deutsche Bundesbank's salaried employees and wage-earners of the collective agreements applying at the time to the said categories of persons in the Federal service had already been concluded on 5 October 1959. There was furthermore concluded on 23 August 1960 for the Bundesbank's wage-earners a skeleton wage agreement which corresponds to the skeleton wage agreement for the Federal Government's wage-earners.

In the same way as in previous years the classification of the Annual Statement, and the designations of the Balance Sheet items, have been largely adapted to the arrangement in the Deutsche Bundesbank's return. The amendment, effected in the year under report, of the return item "Loans to international institutions and consolidation loans" to read "Short and medium-term loans to international institutions and consolidation loans" has been adopted in the Annual Balance Sheet for 1960 (Balance Sheet Asset Item 14).

Form of the  
Annual Statement

In the Profit and Loss Account, Expenditure Item 4 "Allocations to reserves for specific purposes", the sub-item (b) "for conversion costs, according to Reg. No. 45/Conv. Law and 2nd Pension Increase Law" has been dropped, since the reserve formed for this purpose last year should suffice to cover the future amounts required for interest on and redemption of these special equalisation claims.

## Valuation

In the same way as in previous years the provisions of Company Law (Aktiengesetz) have been taken into account mutatis mutandis in the valuation (Article 26, Bundesbank Law). In that connection the changes in value of the gold and exchange holding as well as some other items through the DM revaluation effected as from 6 March 1961 are not yet reflected. According to the Bundesbank's return for 29 April 1961 these result in a "compensation requirement" of DM 1,475 million. The compensation will be established to the extent of about DM 210 million by drawing on the Bundesbank's "Reserves for other purposes" (Liabilities 3 d) and apart from that through a claim on the Federal Government based on the authorisation given in Article 30 of the 1961 Budget Law. This claim is to be redeemed at least to the extent of the amounts which the Bundesbank has to transfer to the Federal Government under Article 27 of the Law concerning the Deutsche Bundesbank as share of profit (remaining balance).

## Conversion Account

The Combined Conversion Account of the Institutions Amalgamated to Form the Deutsche Bundesbank is attached to this Report as Appendix 1.

Through the corrections of the Partial Conversion Accounts for the Bank deutscher Länder and the Land Central Banks, which now give the position shown by the books on 31 December 1960, the Deutsche Bundesbank's claim to allocation of equalisation claims has risen by DM 241,263.47 to DM 8,104,123,533.61. The claim on the Federal Government arising from the non-interest-bearing debt certificate issued in connection with the currency conversion in Berlin was reduced by DM 619.76 during the year under report to DM 547,167,426.10.

## Annual Statement

In the same way as in previous years the Annual Statement for 1960, which is attached as Appendix 2, will be explained in the order of the items in the Balance Sheet and Profit and Loss Account. At the same time a report is rendered on the Deutsche Bundesbank's activity during 1960.

### Balance Sheet

#### Comparison of Balance Sheet Results

Assets	31 December			Liabilities	31 December		
	1958	1959	1960		1958	1959	1960
	Millions of DM				Millions of DM		
Gold	10,963.3	10,934.0	12,285.9	Capital	290.0	290.0	290.0
Balances at foreign banks and money-market investments abroad	9,310.7	8,248.9	15,905.2	Reserves	491.6	522.2	562.3
Foreign notes and coin, foreign bills and cheques	152.6	130.0	157.2	Reserves for specific purposes	671.6	806.0	1,077.0
German divisional coin	85.1	88.3	90.6	Bank notes in circulation	17,661.5	19,045.7	20,470.3
Postal cheque account balances	191.6	226.2	193.0	Deposits of credit institutions	8,243.1	9,343.8	13,036.4
Domestic bills of exchange	722.5	853.3	1,283.3	Federal Government and Federal Special Funds	4,024.8	922.4	814.7
Treasury bills and non-interest-bearing Treasury bonds of Federal Government and Federal Special Funds	100.0	80.0	136.3	Länder	526.2	1,069.9	2,564.9
Advances against securities	63.9	234.4	419.0	other public depositors	34.4	46.7	59.9
Cash advances	90.4	265.1	79.1	other German depositors	208.7	221.8	219.7
Other claims	115.0	140.3	92.3	Liabilities in respect of foreign business	1,136.3	672.5	446.7
Securities	269.7	234.6	323.6	Items in course of settlement	2.1	239.4	169.8
Equalisation claims on public authorities and debt certificate in respect of Berlin	4,381.6	5,731.0	3,561.1	Other liabilities	53.8	83.8	108.2
Credits to Federal Government for participation in international institutions	661.7	1,210.7	1,387.2	Net profit	109.4	143.3	93.7
Short and medium-term loans to international institutions and consolidation loans	6,089.4	4,816.5	3,657.3				
Other assets	256.0	214.2	342.5				
<b>Total</b>	<b>33,453.5</b>	<b>33,407.5</b>	<b>39,913.6</b>	<b>Total</b>	<b>33,453.5</b>	<b>33,407.5</b>	<b>39,913.6</b>

## Balance Sheet total

The Balance Sheet total as at 31 December 1960 has risen by DM 6,506.1 million, as compared with the end of 1959, to DM 39,913.6 million.



### Assets

The gold holding rose by DM 1,351.9 million during 1960 to DM 12,285.9 million.

	31 Dec. 1959	31 Dec. 1960	
	Millions of DM		
The balances with foreign banks amounted to the following:			Gold  Balances at foreign banks and money-market investments abroad
in foreign currency	1,433.8	1,601.8	
in DM	215.2	0.2	
	1,649.0	1,602.0.	
The money-market investments amounted to	6,599.9	14,303.2.	
Of the total shown in the Annual Balance Sheet at there were earmarked as international liquidity assistance	347.8	259.3,	
so that the freely available balances and money-market investments amounted to	7,901.1	15,645.9.	

The money-market investments abroad include DM 12,541.3 million (at the end of 1959 DM 5,554.4 million) of Treasury bills, DM 1,502.6 million (at the end of 1959 DM 697.7 million) of bank acceptances and DM 259.3 million (at the end of 1959 DM 347.8 million) of Treasury bonds.

The Deutsche Bundesbank's turnover in foreign exchange spot dealings amounted in the year under report to DM 18,367.6 million, against DM 7,977.4 million in 1959; the number of deals rose from 5,161 in 1959 to 5,393. They comprised

Foreign exchange dealings

	1959		1960	
	Number	DM million	Number	DM million
Purchases	2,498	4,632.7	3,268	13,996.6
Sales	2,663	3,344.7	2,125	4,371.0
	5,161	7,977.4	5,393	18,367.6.

The business in U.S. dollars increased considerably, while the turnover in the other currencies declined.

The number of payment orders to and from foreign countries processed by the Deutsche Bundesbank increased further in the year under report; it rose from 426,763 in 1959 to 506,556.

Foreign payments

In detail the movements were:

	1958	1959	1960
	Number		
Orders for payment to foreign countries in DM	53,061	82,854	113,223
in foreign currencies	75,994	124,791	156,858
	129,055	207,645	270,081
Orders for payment from foreign countries in DM	161,362	173,535	215,126
in foreign currencies	53,542	45,583	21,349
	214,904	219,118	236,475
Total processed orders for payment to and from foreign countries	343,959	426,763	506,556.

Of the orders for payment in foreign currency the amount given by the debit of German banks'	1958	1959 Number	1960
U.S. \$ accounts kept at the Bank was	7,410	10,691	5,011
and to the credit of such accounts	9,929	8,189	4,486
	<u>17,339</u>	<u>18,880</u>	<u>9,497.</u>
The number of transfers between such accounts was	29,880	39,052	45,197.

Trade and payment agreements Altogether during the year under report twenty-one trade agreements (against twenty-four in the previous year), three agreements for regulating international payments (against seven) and one investment protection agreement (against one) were concluded with the Bank's participation.

Foreign notes and coin, foreign bills and cheques At DM 3.0 million the holding of foreign notes and coin at the end of 1960 was smaller by DM 0.2 million than on 31 December 1959. During the year under report the Deutsche Bundesbank effected 40,577 purchases of foreign notes and coin (against 47,152 in 1959) and 12,626 sales of foreign notes and coin (against 13,743 in 1959).

Purchase and sale of foreign notes and coin Purchase of foreign bills At the close of 1960 the holding of foreign bills arising from purchase within the country was DM 150.1 million as compared with DM 125.0 million on 31 December 1959.

The following were purchased:

	Number	DM million
In 1959	57,646	771.5
In 1960	54,667	1,028.4.

The proportion of DM acceptances to the total purchased rose from 48 to 60 per cent.

Purchase and sale of foreign cheques During the year under report 190,413 foreign cheques with a countervalue of DM 163.2 million were purchased, against 165,065 having a value of DM 151.3 million in the previous year. Altogether 8,967 cheques on foreign countries were sold, against 7,501 in 1959, their total amount being DM 14.5 million as against DM 4.1 million in 1959.

Foreign commission business The Bank took the following for realisation on a commission basis:

	1959	1960
	Number	
Foreign notes and coin	10,077	8,541
Bills, cheques, etc., on a commission basis	12,432	12,456
	<u>22,509</u>	<u>20,997.</u>

German divisional coin The Bank's holding of German divisional coin amounted at the close of 1960 to DM 90.6 million, against DM 88.3 million at the end of 1959. In 1960 the Federal Government was credited with DM 94.1 million for coin taken over from the Mints, and debited with DM 0.9 million for coin called in or no longer fit for circulation. Altogether in the years 1948 to 1960 the Bank took over coin amounting to DM 1,603.4 million; during the same period DM 143.4 million of coins which were no longer fit to circulate, or had been called in, were sent to the Federal Coinage Metal Depository.

With the inclusion of the deliveries of coin still outstanding at the end of December 1960 on minting orders given up till that time, namely DM 44.2 million of all denominations, the amount of coin per head of population works out at DM 26.96 on the basis of a population of 55.8 million in the Federal Republic including the Land of Berlin on 30 September 1960. The amount of coin minted is thus within the limit of DM 30 laid down by Article 5 of the Law on the Striking of Divisional Coin, dated 8 July 1950.

Postal cheque account balances The postal cheque account balances, including transfers in progress from the branch establishments of the Land Central Banks to the postal cheque account of the Bank (Directorate) at

Frankfurt am Main, amounted on 31 December 1960 to DM 193.0 million (against DM 226.2 million at the end of 1959). Each day the credit balance on that account, in amounts rounded off to multiples of DM 100,000, is offset against the giro balance of the Central Cash Office of the Postal Administration.

*Postal Cheque Transactions with Third Parties*

	1959				1960			
	Third-party transfers received		Used for current transfers		Third-party transfers received		Used for current transfers	
	Number	DM mn	Number	DM mn	Number	DM mn	Number	DM mn
Land Central Bank								
Baden-Württemberg	87,609	5,554.1	32,013	535.3	87,021	6,121.9	33,490	586.1
Bavaria	84,534	6,378.3	30,044	614.1	87,004	6,984.5	29,818	590.0
Berlin	14,660	1,189.9	23,452	449.5	15,481	1,308.4	22,836	505.3
Bremen	27,319	811.4	2,036	16.8	28,751	850.0	1,908	13.8
Hamburg	49,559	3,858.6	8,765	68.3	50,553	3,994.4	7,996	51.6
Hesse	60,989	3,484.9	26,652	723.0	64,340	3,728.8	25,802	767.5
Lower Saxony	97,069	3,750.7	24,400	421.0	99,435	4,000.0	22,576	452.9
North Rhine-Westphalia	194,026	7,921.3	44,037	1,057.5	198,032	8,380.7	43,045	1,020.6
Rhineland-Palatinate	56,824	1,392.6	24,488	227.8	56,534	1,508.3	13,798	223.1
Saarland	2,497	381.8	423	60.5	4,604	782.6	1,050	80.7
Schleswig-Holstein	13,828	223.7	8,126	206.1	13,834	240.7	7,855	145.5
Total	688,914	34,947.3	224,436	4,379.9	705,589	37,900.3	210,174	4,437.1
Bundesbank—Directorate—	7,785	1,195.2	41,557	49.8	8,475	1,380.0	41,815	46.0
Grand total	696,699	36,142.5	265,993	4,429.7	714,064	39,280.3	251,989	4,483.1

	31 Dec. 1959	31 Dec. 1960
	Millions of DM	
The domestic bill holding comprises:		
Domestic bills	820.9	1,146.4
Export drafts	3.4	—
purchased by way of discount;		
Import and Storage Agency bills taken in		
the course of open-market operations	29.0	104.5
Prime bankers' acceptances	—	32.4
	853.3	1,283.3.

Domestic bills  
of exchange

The average bill holding, as calculated from the figures on the return dates in the year under report, was DM 1,706.6 million against DM 839.2 million in 1959.

*Purchase of Domestic Bills of Exchange in the Land Central Bank Areas*

	Purchase				Held on	
	1959		1960		31 Dec. 1959	31 Dec. 1960
	'000	DM mn	'000	DM mn	DM million	
Land Central Bank						
Baden-Württemberg	206	1,126.8	321	2,108.2	64.0	104.2
Bavaria	74	489.7	179	1,628.8	28.6	89.9
Berlin	10	139.9	14	417.6	9.3	10.2
Bremen	33	304.5	38	489.4	23.9	19.0
Hamburg	83	1,302.5	118	2,151.9	130.4	123.3
Hesse	164	1,696.5	266	4,536.0	148.6	249.4
Lower Saxony	140	740.5	190	1,154.0	89.1	84.0
North Rhine-Westphalia	359	3,681.4	568	6,699.3	241.2	367.0
Rhineland-Palatinate	68	325.5	109	610.6	41.1	61.1
Saarland	5	108.7	5	205.6	21.4	14.9
Schleswig-Holstein	37	185.3	56	306.3	21.3	22.4
Bills in course of remittance	—	—	—	—	2.0	1.0
Total	1,179	10,101.3	1,864	20,307.7	820.9	1,146.4

Of the purchased bills the following were returned and charged, in the absence of payment, to the parties presenting them for discount:

	1959		1960	
	Number	DM million	Number	DM million
	7,908	8.5	10,769	13.3
in per cent of the total purchased	0.7	0.08	0.6	0.07.

Commission business Domestic bills and the like were taken on a commission basis as follows:

	Number	DM million
1959	318,263	1,954.6
1960	294,775	1,722.5.

Export drafts On the basis of a special arrangement valid up till the end of 1960 export drafts were purchased during the year under report only by the Land Central Bank in Berlin; 1,042 drafts (against 1,469 in 1959) were discounted, amounting to DM 20.2 million (against DM 28.9 million in 1959).

Discount rate The Bundesbank's discount rate for domestic and foreign bills, foreign cheques and export drafts was 4% until 2 June, 5% from 3 June onwards and 4% from 11 November onwards.

Storage Agency bills Open-market purchases and sales of Storage Agency bills were not up to the previous year's level. Bills having a face value of DM 1,513.7 million were purchased (in 1959 DM 2,109.9 million), and DM 633.1 million of these (in 1959 DM 1,051.4 million) were resold. Bills amounting to DM 805.2 million were repaid in 1960.

Prime acceptances During the year under report the Bundesbank again afforded liquidity assistance to the prime acceptance market, which had been reopened in the Frankfurt Bourse on 5 February 1959. From the Privatdiskont-Aktiengesellschaft of Frankfurt am Main, acting as broker, it purchased prime acceptances amounting to DM 351.2 million, and resold items amounting altogether to DM 248.4 million with a view to their being placed in the market. DM 70.4 million of these bills, which because of their short remaining life were no longer good delivery, were repaid.

Treasury bills and non-interest-bearing Treasury bonds of Federal Government and Federal Special Funds

In the same way as previously the Bank's open-market business during the year under report included — besides the Storage Agency bills and the mobilisation paper (discussed below) in accordance with Article 42 of the Bundesbank Law — the Treasury bills of the Federal Government and the German Federal Railways as well as the non-interest-bearing Treasury bonds of the Federal Government, the German Federal Railways and the German Federal Postal Administration. They further comprised the Federal Republic of Germany's non-interest-bearing Treasury

*Money-Market Paper Issued for Account of Federal Government, Federal Special Funds, and Reconstruction Loan Corporation*

Category of paper	In circulation on 31 Dec. 1959	Issued		In circulation on 31 Dec. 1960
		in 1960		
Millions of DM				
Treasury bills "B" of the Federal Republic of Germany	65.3	48.1	113.4	—
Non-interest-bearing Treasury bonds of the Federal Republic of Germany (of which, issue "SL")	230.6 (167.5)	812.1 ( — )	161.9 ( 82.5)	880.8 ( 85.0)
Treasury bills of the German Federal Railways	296.8	967.3	1,064.7	199.4
Non-interest-bearing Treasury bonds of the German Federal Railways	445.0	337.7	337.7	445.0
Non-interest-bearing Treasury bonds of the German Federal Postal Administration	269.9	196.3	274.0	192.2
Promissory notes of the Reconstruction Loan Corporation	165.0	435.0	325.0	275.0

bonds ("SL") issued in July 1959 in connection with the economic reincorporation of the Saarland, of which DM 82.5 million was repaid in 1960, as well as the Reconstruction Loan Corporation's promissory notes which were issued in the same connection and the circulation of which had risen for a time to DM 275 million at the end of the year.

On 31 December 1960 there were in the Bank's hands non-interest-bearing Treasury bonds of the Federal Government amounting to DM 95.0 million, non-interest-bearing Treasury bonds of the German Federal Railways amounting to DM 25.0 million and non-interest-bearing Treasury bonds of the German Federal Postal Administration amounting to DM 16.3 million. Most of these were resold on the money market in the first half of January.

The average extent of recourse to the Bank through advances against securities, as calculated from the amounts on bank return dates during the year under report, was DM 67.1 million against DM 33.3 million in 1959. In the last week of December the claims in respect of such advances rose sharply, reaching DM 419.0 million; at the end of 1959 they had amounted to DM 234.4 million.

Advances  
against securities

*Lending on Securities in the Land Central Bank Areas*

Land Central Bank	Advances granted against securities				Outstanding on	
	1959		1960		31 Dec. 1959	31 Dec. 1960
	Number	DM mn	Number	DM mn	DM mn	
Baden-Württemberg	1,099	234.9	1,646	423.8	5.3	4.5
Bavaria	1,265	213.6	1,246	209.8	35.8	50.0
Berlin	141	31.5	119	136.7	3.8	1.7
Bremen	56	18.8	57	28.4	4.2	4.0
Hamburg	617	237.6	518	311.7	22.2	37.3
Hesse	1,299	569.4	1,494	1,108.7	127.9	149.2
Lower Saxony	2,307	377.0	2,597	746.9	7.1	26.0
North Rhine-Westphalia	924	706.4	1,093	1,239.5	10.6	128.4
Rhineland-Palatinate	933	151.5	839	248.3	16.7	15.7
Saarland	5	1.7	42	12.8	0.0	0.0
Schleswig-Holstein	435	73.8	454	110.0	0.8	2.2
Total	9,081	2,616.2	10,105	4,576.6	234.4	419.0

The rate of interest for advances against securities was 5<sup>0</sup>/<sub>100</sub> up till 2 June, 6<sup>0</sup>/<sub>100</sub> up till 10 November and 5<sup>0</sup>/<sub>100</sub> from 11 November onwards.

Advance rate

Article 20 paragraph 1 item 1 of the Bundesbank Law lays down the following maximum credit limits:

Cash advances

	Millions of DM
for the Federal Government	3,000
for the Federal Railways	400
for the Federal Postal Administration	200
for the Equalisation of Burdens Fund	200
for the E. R. P. Special Fund	50
for the Länder DM 20 per inhabitant, except that for Berlin, Bremen and Hamburg the limit is DM 40 per inhabitant.	

On 31 December 1960 the following amounts of credit had been taken and were outstanding:

by the Federal Government DM 78 million as an advance in account;

(a) Federal Government and Federal Special Funds

by the Federal Railways DM 199.4 million through Treasury bills in circulation with an assurance of rediscount by the Bank.

No cash advances granted to Länder were outstanding at the end of 1960.

(b) Länder

Claims on the Reconstruction Loan Corporation are shown among the cash advances to other public authorities. The table overleaf indicates the amounts drawn on the credit lines which already existed when the Bundesbank Law came into force.

(c) Other public authorities

Interest is payable on the cash advances at the Bank's current discount rate.

Interest rate

*Credits to Reconstruction Loan Corporation*

Purpose of credit	31 December 1959		31 December 1960	
	Credit line	Used	Credit line	Used
	Millions of DM			
Industries with high export ratio	9.4	8.2	2.6	0.3
Repurchase of dollar loans of Deutsche Rentenbank	19.8	12.1	19.8	0.8
Total	29.2	20.3	22.4	1.1

**Other claims**

The "Other claims" of DM 92.3 million (in 1959 DM 140.3 million) shown in Asset Item 10 include as their largest item, in the same way as last year, the claims which arise from interzonal payments and which are cleared through the accounts kept at the Deutsche Notenbank, Berlin, and at the Bundesbank.

The turnover in clearing transactions with the Deutsche Notenbank amounted to the following:  
For payments in respect of

	1959	1960
	Millions of DM	
West/East deliveries and services	976.9	1,021.2
East/West deliveries and services	930.4	1,002.2
	1,907.3	2,023.4

**Securities**

The holding of securities rose by DM 89.0 million in 1960: it is shown at DM 323.6 million (against DM 234.6 million in 1959) in Asset Item 11, and includes bonds of the Federal Government, mortgage and communal bonds, and the first DM 100 million tranche of the loan to the International Bank for Reconstruction and Development, on which agreement was reached in August 1960.

**Security issues**

During the year under report the Bank again operated to prevent greater fluctuations in the price of bonds of the Federal Government, the Federal Special Funds and some Länder, doing so for account of the debtors.

In the course of 1960 the banking syndicate under the Bank's leadership (the Federal Loan Syndicate) offered for public subscription one loan each of the Federal Republic of Germany, the German Federal Railways and the German Federal Postal Administration. The loans served to finance extraordinary budget expenditure and to consolidate floating liabilities.

*Loans Issued through the Federal Loan Syndicate in 1960*

Issuer	Amount DM mn	Interest rate %	Issue price per cent	Date of issue 1960	Introduced on stock exchanges (official dealings)
Federal Republic of Germany	500	6	98	14 Jan.	18 May 1960
German Federal Railways	310	6 <sup>1</sup> / <sub>2</sub>	97	20 Sep.	30 Jan. 1961
German Federal Postal Administration <sup>1)</sup>	125	6	98	24 Nov.	23 March 1961

<sup>1)</sup> A further DM 25 million was taken over for placement by the issuer.

During 1960 the Bank placed in the market Treasury bonds (Kassenobligationen — medium-term notes), running for three and four years, of

	Amount in millions of DM
the Federal Republic of Germany	121.5
the German Federal Railways	112.5
the German Federal Postal Administration	41.4
the Saarland	30.0

The interest rates and selling prices were on a number of occasions altered by way of adjustment to the market situation; in the course of the year medium-term notes bearing interest at

4<sup>1</sup>/<sub>2</sub>%/0, 5% and 5<sup>1</sup>/<sub>2</sub>%/0 were issued. The Treasury bonds have been or will be introduced for regulated unofficial dealings.

The conversion or cash redemption of the Reichsmark and foreign currency 3% bonds, debt certificates and fractional certificates of the Conversion Office for German External Debts was continued. The period which expired on 30 April 1960 for acceptance of the settlement offer made on 25 April 1955 has been prolonged until 30 April 1963 (Federal Advertiser No. 74 of 16 April 1960).

In its capacity as paying agent or agency for the Federal Republic of Germany's bonds issued in connection with the conversion of external bonds the Bank in 1960 paid 569,116 interest coupons and drawn bonds, against 527,968 in 1959; in 1960 the countervalue of 1,542,440 interest coupons and drawn bonds, against 1,592,767 in 1959, was collected from foreign agents.

The Bank as conversion and paying agent for external loans

	31 Dec. 1959	31 Dec. 1960	
	Millions of DM		
Equalisation claims arising from			Equalisation Claims on public authorities
own Conversion Account Bank deutscher Länder	5,503.8	5,503.8	
Land Central Banks	2,600.1	2,600.3	
	<u>8,103.9</u>	<u>8,104.1</u>	
<i>less</i>			
Equalisation claims handed back in exchange for money-market paper	<u>3,045.5</u>	<u>5,203.0</u>	
	5,058.4	2,901.1	
Conversion of Berlin pre-capitulation balances	22.4	23.1	
Conversion of RM balances at credit institutions in the Soviet Sector of Berlin	<u>0.9</u>	<u>1.1</u>	
	5,081.7	2,925.3	
Equalisation claims purchased	<u>102.1</u>	<u>88.6</u>	
	5,183.8	3,013.9.	

The increase in the equalisation claim arising from the Bank's own Conversion Account is explained in the Combined Conversion Account of the Institutions Amalgamated to Form the Deutsche Bundesbank as shown by the books on 31 December 1960, which account is attached to this Report as Appendix 1. The equalisation claims belonging to the Bank on 31 December 1959 in respect of its own Conversion Account and of the conversion of Berlin pre-capitulation balances are entered in the Federal Debt Register; those in respect of the conversion of RM balances at credit institutions in the Soviet Sector of Berlin are entered in the Debt Register for the Land of Berlin.

The amount of assistance granted by the Land Central Bank in Berlin through purchase of equalisation claims for the improvement of liquidity was reduced from DM 102.0 million at the end of 1959 to DM 88.6 million at the end of 1960; no purchased equalisation claims were any longer contained in the holding of other Land Central Banks (against DM 0.1 million at the end of 1959).

Of Treasury bills and non-interest-bearing Treasury bonds (mobilisation paper), which in accordance with Article 42 of the Bundesbank Law had been handed to the Bank in exchange for the equalisation claim that it holds on the Federal Government in respect of its own Conversion Account, and which had been sold by it to the market in the course of open-market operations, there were in circulation on 31 December 1960 (after sometimes considerable fluctuations during the year under report) DM 5,203.0 million, against DM 3,045.5 million at the end of 1959. The 1960 figure includes about DM 1 billion of two-year non-interest-bearing Treasury bonds, which were sold by the Bank in the months from August to October 1960 for the purpose of drawing off liquidity after agreement with the credit institutions belonging to the Federal Loan Syndicate.

Purchase of equalisation claims for own account

Mobilising of equalisation claims for the purpose of open-market policy

The rates at which mobilisation paper (as well as other money-market paper) was sold in the course of the Bank's open-market transactions were several times altered in the course of the year, partly in connection with changes in the discount rate and partly on grounds of money-market policy.

*Mobilisation Paper Sold and Redeemed*

	1958	1959			1960		
	in circulation on 31 Dec.	Sold	Redeemed	In circulation on 31 Dec.	Sold	Redeemed	In circulation on 31 Dec.
	Millions of DM						
Treasury bills of the Federal Government (running for a maximum of ninety days)	364.4	3,691.6	3,616.7	439.3	3,377.7	2,849.1	967.9
Non-interest-bearing Treasury bonds of the Federal Government (running for 6 to 24 months)	4,050.1	3,828.2	5,272.1	2,606.2	5,572.3	3,943.4	4,235.1
Total	4,414.5	7,519.8	8,888.8	3,045.5	8,950.0	6,792.5	5,203.0

**Debt Certificate in respect of Berlin**

The Bank's claim on the Federal Government in respect of the currency conversion in Berlin declined in 1960 by DM 619.76; it is shown on 31 December 1960 at DM 547.2 million.

**Credits to Fed. Govt. for participation in international institutions**

Under Article 20 paragraph 1 item 2 of the Bundesbank Law the Bank may grant credits to the Federal Government with a view to meeting the latter's commitments as a member of the following institutions to the extents indicated:

	Millions of DM
International Monetary Fund	3,307.5
International Bank for Reconstruction and Development	35.0
European Fund	180.0

At DM 30.3 million the credit granted to the Federal Government for the purpose of meeting payment liabilities to the I. B. R. D. remains unaltered. Through in-payments of DM 169.1 million following various countries' DM drawings the credit for participation in the International Monetary Fund rose from DM 1,160.4 million to DM 1,329.5 million.

On the Federal Government's participation in the European Fund a further payment of DM 7.4 million was made, so that the credit granted to the Federal Government for that purpose rose to DM 27.4 million.

**Short and medium-term loans to international institutions and consolidation loans**

At DM 3,657.3 million at the end of 1960 the short and medium-term loans to international institutions and the consolidation loans were smaller by DM 1,159.2 million than a year before. The claims comprised:

	31 Dec. 1959	31 Dec. 1960
	Millions of DM	
Short and medium-term loans to I. B. R. D.	1,485.5	1,560.1
Consolidation loans		
arising from liquidation of E. P. U.	3,156.0	1,992.7
to foreign Central Banks	175.0	104.5
	4,816.5	3,657.3

**International Bank for Reconstruction and Development**

I. B. R. D. notes and bonds at face values of US \$ 68.0 million and DM 200.0 million were taken during the year under report; US \$ 97.5 million fell due. The called first tranche of DM 100 million in respect of the loan of DM 500 million and US \$ 120 million to the I. B. R. D., contracted in August 1960, is shown in Asset Item 11 "Securities".

**Liquidation of E.P.U.**

The claims arising from liquidation of E. P. U. amounted at the end of 1960 to DM 1,992.7 million, against DM 3,156.0 million at the end of 1959 and DM 4,185.8 million after the last



E. P. U. settlement in January 1959. Thus more than one-half of these credits has been repaid in the last two years.

Of the consolidation and interim loans which were granted by the Bundesbank on the change-over of payments from a bilateral to a multilateral basis, and the total of which originally amounted to DM 627.6 million, the amount taken by foreign Central Banks and outstanding at the end of December 1960 was DM 104.5 million (against DM 175.0 million at the end of 1959).

Against the additions of DM 10.2 million to land and buildings there are disposals of DM 0.2 million. After the writing off of DM 10.0 million the land and buildings are shown in the 1960 Annual Balance Sheet, as last year, at DM 55 million.

The additions of DM 2.3 million to equipment were fully written off in the same way as in previous years.

Of the DM 57.4 million (against DM 67.8 million at the end of 1959) shown in Asset Item 17 entitled "Other assets" DM 53.8 million (against DM 67.0 million at the end of 1959) represent interest which falls due in 1961, but is assignable to the Profit and Loss Account for the year under report, on monies employed abroad and on securities.

In the same way as in previous years the DM 230.1 million of transitory items on the assets side (DM 91.4 million at the end of 1959) mainly comprise the proportion of interest relating to subsequent years on money-market paper issued in exchange for equalisation claims.

Loans to  
foreign Central Banks

Land and buildings

Equipment

Other assets

Transitory items

### Liabilities

The capital of the Bank remains unchanged at DM 290 million (Article 2 of the Bundesbank Law); it belongs to the Federal Government.

In pursuance of the Central Bank Council's decision of 21 April 1960 DM 28.7 million has been added to the legal reserve and DM 11.4 million to the other reserves out of the net profit for 1959; the reserves have accordingly risen from DM 522.2 million at the end of 1959 to DM 562.3 million.

Capital

Reserves

#### Position and Movement of Reserves for Specific Purposes

Reserves for specific purposes	Position on 31 Dec. 1959	Used for the purpose indicated	Addition in 1960	Position on 31 Dec. 1960
	Millions of DM			
For pension liabilities	460.0	18.7	79.7	521.0
For note printing	45.0	—	—	45.0
For conversion costs	1.0	—	—	1.0
Other	300.0	—	210.0	510.0
Total	806.0	18.7	289.7	1,077.0

Reserves for specific purposes

The reserve for pension liabilities to members of the Bank's organs and to the Bank's officials, as well as for covering the claims of former Reichsbank staff, still falls short of the actuarially calculated requirement.

The providing of interest on and redemption of special equalisation claims pursuant to Article 3 paragraph 1 of Regulation 45 under the Conversion Law, and pursuant to Article 12 of the Law for Increasing Payments in respect of Private Pension Insurance (Insurance Companies and Pension Funds) as well as of Compulsory Capital-sum Insurance, dated 24 December 1956 (Federal Law Gazette I, page 1074), required in the year under report expenditure of DM 0.06 million, against which there were repayments of equal amount.

Through the amounts paid by the Bank the special equalisation claims pursuant to Regulation 45 under the Conversion Law have been repaid except for a small amount still subject to adjust-

ment. The Bank's future payments under this Regulation and under the Second Pension Increase Law are likely to remain within the limits of the DM 1 million reserve carried over from the previous year.

To the other reserves for specific purposes DM 210 million has been added.

**Bank note circulation**

The bank note circulation rose from DM 19,045.7 million at the end of 1959 to DM 20,470.3 million on 31 December 1960.

*Circulation of Notes and Coin*

End of year	Bank-note circulation	Federal coin	Circulation of notes and coin total
	Millions of DM		
1956	14,473.5	1,078.0	15,551.5
1957	16,132.9	1,140.3	17,273.2
1958	17,661.5	1,196.8	18,858.3
1959	19,045.7	1,278.5	20,324.2
1960	20,470.3	1,369.3	21,839.6

The denominations of the bank notes and Federal coin in circulation are shown in Appendix 4 to this Report.

During the year under report the Bank received from the printers new notes of all denominations totalling DM 7,854.8 million.

Details of bank notes (including small money tokens) which were destroyed, having been called in or being no longer fit for circulation, are:

Millions	1956	1957	1958	1959	1960
Number	78.4	160.3	92.8	153.0	323.3
DM	3,125.7	4,047.8	3,426.9	4,916.3	12,140.5.

The number of counterfeit bank notes detained in 1960 showed a fall of 35 per cent, while the number of counterfeit coins detained fell by 15 per cent.

*Counterfeits Discovered*

Year	Notes		Coins	
	Number	Thousands of DM	Number	Thousands of DM
1956	530	20.4	14,840	41.3
1957	830	28.0	10,030	22.2
1958	819	36.5	8,540	24.3
1959	763	29.5	6,673	21.0
1960	499	19.4	5,695	18.2

**Deposits**

The balances of German depositors comprise those of

(a) Credit institutions (including Postal Cheque and Postal Savings Bank Offices)

(b) Public depositors

(ba) Federal Government and Federal Special Funds

(bb) Länder

(bc) Other public depositors

(c) Other German depositors

31 Dec. 1959      31 Dec. 1960  
Millions of DM

9,343.8	13,036.4
922.4	814.7
1,069.9	2,564.9
46.7	59.9
2,039.0	3,439.5
221.8	219.7
11,604.6	16,695.6.

In the same way as in previous years the credit institutions' deposits mainly represent the minimum reserves which have to be maintained at the Bundesbank. In December 1960 the minimum reserve required of credit institutions (not including the minimum reserve to be kept by the Federal Postal Administration on behalf of Postal Cheque and Postal Savings Bank Offices), which is calculated on a monthly average, amounted to DM 12,332.1 million as against DM 7,967.9 million in December 1959, and the actually maintained reserve to DM 12,518.6 million as against DM 8,236.2 million in December 1959.

Minimum reserves

Of the total turnover on giro accounts the following proportions were settled without use of cash:

Giro transactions

	Percentage of	
	Number of transactions	Amounts
in 1959	99.00	95.01
in 1960	99.09	95.27.

*Annual Turnover on Giro Accounts at the Deutsche Bundesbank*

	1959			1960		
	Number <sup>1)</sup>	Amount	Average amount	Number <sup>1)</sup>	Amount	Average amount
	'000	DM million	'000 DM	'000	DM million	'000 DM
a) Credits						
of which:						
Cash in-payments	1,187	65,359	55.1	1,183	71,571	60.5
Settlements with account-holders	4,935	386,380	78.3	5,242	464,441	88.6
Local transfers	10,052	352,672	35.1	11,066	415,355	37.5
Transfers from other places	24,555	405,094	16.5	26,852	441,653	16.4
Cheque collections (cheques lodged)	80,288	114,782	1.4	87,211	138,439	1.6
Total	121,017	1,324,287	.	131,554	1,531,459	.
b) Debits						
of which:						
Cash out-payments	1,204	66,843	55.5	1,194	73,099	61.2
Settlements with account-holders	4,445	386,807	87.0	4,627	460,525	99.5
Local transfers	10,052	352,672	35.1	11,066	415,355	37.5
Transfers to other places	24,462	405,196	16.6	26,544	438,945	16.5
Cheque collections (cheques paid)	80,285	114,890	1.4	87,080	138,399	1.6
Total	120,448	1,326,408	.	130,511	1,526,323	.
c) In per cent of total turnover (credits and debits)		<i>per cent</i>			<i>per cent</i>	
Cash payments		4.99			4.73	
Settlements with account-holders		29.17			30.25	
Local transfers		26.61			27.17	
Transfers to and from other places		30.57			28.80	
Cheque collections (cheques lodged and paid)		8.66			9.05	
		100.00			100.00	

<sup>1)</sup> Number of transactions.

**Liabilities in respect of foreign business**

The liabilities in respect of foreign business comprise:

	31 Dec. 1959		31 Dec. 1960	
	Millions of DM			
Deposits of non-residents				
Banks	155.0		218.4	
Others	<u>144.4</u>	299.4	<u>63.4</u>	281.8
Deposits of resident banks on U.S. dollar accounts		14.4		9.3
Provision of cover for credits and guarantees by				
Non-residents	110.0		55.1	
Residents	<u>246.9</u>	356.9	<u>6.5</u>	61.6
Other liabilities		1.8		94.0
		<u>672.5</u>		<u>446.7.</u>
Comprising liabilities in				
foreign currency		90.8		143.8
DM		<u>581.7</u>		<u>302.9</u>
		<u>672.5</u>		<u>446.7.</u>

**Export credit business**

The number of orders and authorisations to open documentary credits, coming from Central Banks in countries with which payment transactions have not yet been decentralised, declined from 25,430 in 1959 to 21,299 in the year under report.

**Import credit business**

In the year under report the Bank opened 147 import credits as against 271 in the previous year. The Bank was used in 51 cases, against 126 in the previous year, as reimbursement agent for credits that were directly opened by German banks.

The Bank was engaged, in the same way as before, in the settlement of I. C. A. (International Cooperation Administration) imports. Altogether 477 I. C. A. credits were opened (against 148 in 1959); 270 of them, against 94 in 1959, were opened directly by German banks.

**Items in course of settlement**

In the same way as hitherto the Balance Sheet item "Items in course of settlement" mainly comprises the transfers to and from other places that were proceeding inside the Bank at the close of the year, as well as the net amounts of cheques in course of clearing. The balance was DM 169.8 million on 31 December 1960 as compared with DM 239.4 million at the end of 1959.

**Other liabilities**

The "Other liabilities" are shown on 31 December 1960 at DM 30.9 million as against DM 31.8 million at the end of 1959.

**Transitory items**

In the same way as last year the transitory items on the liabilities side (DM 77.3 million in 1960, DM 52.0 million in 1959) mainly comprise interest which was received in the year under report, but which relates to next year, on foreign and domestic Treasury bills, commercial bills and bank acceptances.

**Contingent liabilities and claims**

The contingent liabilities and claims are shown on 31 December 1960 at DM 11.8 million, against DM 5.7 million at the end of 1959.

## Profit and Loss Account

### Comparison of Expenditure and Receipts

Expenditure	1958	1959	1960	Receipts	1958	1959	1960
	Millions of DM				Millions of DM		
Interest on money-market paper issued in exchange for equalisation claims	261.6	164.1	182.1	Interest on monies employed abroad	356.3	385.1	522.5
Other	0.8	0.8	1.6	on equalisation claims	248.7	247.1	246.6
	262.4	164.9	183.7	on domestic bills of exchange, advances against securities and cash advances	35.3	32.1	82.9
Valuation requirement in respect of the external position	101.0	45.1	120.4	on foreign bills of exchange bought in Germany	4.4	3.4	6.0
Administrative costs	126.0	124.7	128.7	on securities, Treasury bills and Treasury bonds	19.0	16.4	16.7
Personnel	23.4	22.9	23.3	Other	0.3	0.6	1.1
Materials	8.2	16.3	11.6		664.0	684.7	875.8
Note printing	7.9	11.8	12.3	Fees and charges	2.4	2.5	2.4
Depreciation	34.7	151.0	289.7	Other receipts	31.1	16.4	8.3
Allocation to reserves for specific purposes	21.4	20.3	19.6		697.5	703.6	886.5
Pension payments in respect of Reichsbank	3.1	3.3	3.5	Total	697.5	703.6	886.5
Other expenditure	109.4	143.3	93.7				
Net profit							
Total	697.5	703.6	886.5				

### Receipts

	1958	1959		1960	
	Millions of DM				
The interest received amounts to	664.0	684.7	875.8		Interest
After deduction of the interest paid out, namely and of the amount required in connection with valuation of the foreign position, that is	262.4	164.9	183.7,		
it is shown in the Profit and Loss Account at	101.0	363.4	45.1	210.0	120.4
	300.6	474.7	571.7.	304.1,	

The interest on monies employed abroad has risen, as compared with last year's figure, by DM 137.4 million to DM 522.5 million. The amount of DM 120.4 million required for valuation in the year under report was due, in particular, to the great growth of the foreign exchange position.

The amount of interest received on equalisation claims was DM 246.6 million (against DM 247.1 million in 1959); the interest paid on money-market paper issued in exchange for equalisation claims was up by DM 18.0 million on the year at DM 182.1 million. The interest receipts from the discounting of domestic bills and the granting of advances against securities and cash advances amounted to DM 82.9 million in 1960 as compared with DM 32.1 million in the previous year. From the discounting of foreign bills interest amounting to DM 6.0 million (in 1959 DM 3.4 million) was obtained. The interest received on securities, Treasury bills and Treasury bonds rose only slightly from DM 16.4 million to DM 16.7 million.

DM 2.4 million of fees were received in 1960, against DM 2.5 million in 1959.

DM 8.3 million (in 1959 DM 16.4 million) are shown as "Other receipts".

Fees  
Other receipts

## Expenditure

### Administrative costs (a) Personnel

The administrative costs in respect of personnel are up in comparison with the previous year because of increases of remuneration according to the laws governing officials' pay and collective agreements; they amounted in 1960 to DM 128.7 million (in 1959 DM 124.7 million). The Bundesbank's staff decreased in 1960 by 51 (in 1959 by 125).

### Number of Persons Employed in the Bundesbank

	End of 1959					End of 1960				
	Directorate	Land Central Banks	Total	of which:		Directorate	Land Central Banks	Total	of which:	
				male	female				male	female
Officials	540	3,954	4,494	4,469	25	566	3,896	4,462	4,437	25
Salaried employees	1,233	3,946	5,179	2,583	2,596	1,205	3,967	5,172	2,504	2,668
Wage-earners	199	826	1,025	222	803	196	817	1,013	213	800
Total	1,972	8,726	10,698	7,274	3,424	1,967	8,680	10,647	7,154	3,493

The total payments to serving and former members of the Directorate of the Deutsche Bundesbank, the Board of Directors and Board of Managers of the Bank deutscher Länder, and the Boards of Management of the Land Central Banks, as well as to their surviving dependents, amounted to DM 3,566,416.60 for the year under report. Additional payments for earlier years were made to the extent of DM 2,229.25; DM 10,913.22 was reimbursed by third parties.

### (b) Materials

The administrative costs in respect of materials rose from DM 22.9 million in 1959 to DM 23.3 million.

### Note printing

At DM 11.6 million in the year under report the expenditure on note printing was smaller than that of DM 16.3 million in the previous year.

### Depreciation and allocations to reserves for specific purposes

The depreciation on land and buildings as well as on equipment has been discussed, like the allocations to the reserves for specific purposes, in connection with the corresponding Balance Sheet items.

### Pension payments in respect of the Reichsbank

The payments for persons belonging to the former German Reichsbank and other persons to whom the Law in connection with Article 131 of the Basic Law applies, and for whom the Bank is required to provide in accordance with Article 41 of the Bundesbank Law, amounted in the year under report to DM 23.4 million (against DM 24.1 million in 1959); of this amount DM 3.8 million was taken from the reserves for pension liabilities, in the same way as in previous years, so that DM 19.6 million is shown as pension payments in respect of the Reichsbank by comparison with DM 20.3 million in 1959.

### Net Profit

### Proposed distribution of the profit

According to the Profit and Loss Account the net profit amounts to DM  
93,700,000.—  
(against DM 143,272,811.45 in 1959).

The Directorate proposes to the Central Bank Council that there be allocated

	DM	
to the legal reserve	20,000,000.—	
to the other reserves	5,700,000.—	
and to the Fund for the Purchase of Equalisation Claims	40,000,000.—	65,700,000.—

The balance of profit to which the Federal Government is entitled, namely 28,000,000.—,  
will, in accordance with the agreement made with the said Government,  
be for the present placed to reserve.

Frankfurt am Main, May 1961

*Deutsche Bundesbank*  
*The Directorate*

Karl Blessing Dr. Troeger

Dr. Benning Dr. Emminger Hartlieb Könniker Tüngeler  
Dr. Wolf Dr. Zachau

Part C

## Fund for the Purchase of Equalisation Claims

In 1960 there was transferred to the Fund for the Purchase of Equalisation Claims a further DM 40 million out of the Deutsche Bundesbank's net profit obtained in the 1959 accounting year. In addition to this profit transfer and to the approximately DM 33.7 million of liquid resources carried over from the previous year the Purchase Fund received about a further DM 16 million in respect of interest and repayments, so that DM 89.7 million was available in the 1960 accounting year for the purchase of equalisation claims.

The greater part of the DM 86 million used for such purchase served to buy up equalisation claims which it seemed appropriate to take over definitively in order to enable credit institutions and insurance companies to meet matured obligations. Prominent in this connection were real estate credit institutions' non-interest-bearing equalisation claims, which had been allotted to them in accordance with Regulation 27 under the Conversion Law to cover the amount of their interest coupons which had been increased, and which fell due on 31 December 1960.

In addition the levelling purchases from credit institutions and insurance companies, already mentioned in the Bank's Report for the Year 1959, were continued. After use of the monies so far provided for that purpose the equalisation claims at all credit institutions will be reduced to an amount which is equivalent to not more than 20 per cent of their balance-sheet total as of 31 December 1958, less loans transmitted on a trust basis. In the case of the insurance companies, levelling purchases were made from pension funds, burial funds and sickness insurance companies, with the result that after employment of the sums provided for that purpose the equalisation claims of the pension funds will have been reduced to not more than 71 per cent, those of the burial funds to not more than 36 per cent, and those of the sickness insurance companies to not more than 53 per cent, of their balance-sheet totals as at the end of 1957.

In addition there was purchased from the Equalisation of Burdens Bank (Bank for Expelled Persons and Sufferers from Damage) the residue amounting to about DM 1.3 million of the DM 2.8 million of equalisation claims allotted to it under Article 3 of the Law on the Settlement within Germany of Pre-War Liabilities in respect of Documentary Credits.

At the end of the 1960 accounting year the Fund still had about DM 3.7 million of liquid resources available, although it had given considerably greater undertakings to purchase.

It will be possible to contemplate further purchasing only when the new Law on the Redemption of Equalisation Claims, now in preparation, has come into force. Until that time the Bank will probably confine itself, apart from the carrying out of promises to purchase already given, to the purchasing of equalisation claims of holders who for discharging liabilities depend upon assistance towards their liquidity.

	DM
Liquid resources available to the Fund on 31 December 1959 amounted to	33,738,523.93.
During the year under report the Purchase Fund received the following amounts:	
Share in the Bank's 1959 net profit	40,000,000.—
Interest on equalisation claims	9,219,708.75
Interest from temporary employment of the Fund's liquid resources	1,857,756.97
Redemption of equalisation claims	4,935,118.08
	<hr/>
	89,751,107.73.
There were used for purchase of equalisation claims	<hr/> 86,005,833.04. <hr/>

On 31 December 1960 the Fund's assets not yet used for purchase of equalisation claims comprised	DM	DM
Balances at the Deutsche Bundesbank	3,743,755.87	
Redemption due on 31 December 1960 and paid on 2 January 1961, amounting to	1,518.82	3,745,274.69.
The holding of equalisation claims on 31 December 1959, namely rose through purchase of equalisation claims having an initial capital amount of DM 98,883,519.32 by		260,164,040.40, 86,005,833.04 346,169,873.44
and was reduced, through redemption of equalisation claims, by		4,935,118.08.
Holding on 31 December 1960		341,234,755.36.

*Movement in the Holding of Equalisation Claims*

Interest rate	DM initial capital				DM Remaining capital Holding on 31 Dec. 1960
	Holding on 31 Dec. 1959	Addition through purchase and exchange	Decrease through exchange	Holding on 31 Dec. 1960	
%	DM				DM
0	9,330,080.79	61,969,419.23		71,299,500.02	57,039,600.02
3	147,602,768.65	13,723,469.35		161,326,238.—	152,693,088.88
3½	53,544,792.11	17,834,203.21		71,378,995.32	67,517,798.73
4½	62,378,925.08	7,281,427.53	1,925,000.—	67,735,352.61	63,984,267.73
Total	272,856,566.63	100,808,519.32	1,925,000.—	371,740,085.95	341,234,755.36

The Report on the position of the Fund for the Purchase of Equalisation Claims as at 31 December 1960, intended for publication in the Federal Advertiser, is attached as Appendix 3.

The Auditors appointed by the Central Bank Council for the purpose of auditing the Bank's Annual Statement for 1960 have also included in their audit the Fund for the Purchase of Equalisation Claims. In their final Audit Report they have confirmed the following:

"The allocation to the Purchase Fund is in accordance with the provisions of Article 27 item 3 of the Law concerning the Deutsche Bundesbank. The Fund's administration and use afford no cause for objections. The Report by the Deutsche Bundesbank on the position of the Purchase Fund on 31 December 1960, which is attached as an Appendix and is intended for publication, has been correctly evolved from the books and other records."

*Frankfurt am Main, May 1961*

*Deutsche Bundesbank*

*The Directorate*

*Karl Blessing Dr. Troeger*

*Dr. Benning Dr. Emminger Hartlieb Könneker Tüngeler*

*Dr. Wolf Dr. Zachau*



## Report of the Central Bank Council

*The Annual Statement of the Deutsche Bundesbank for 1960, the Combined Conversion Account of the Institutions Amalgamated to Form the Deutsche Bundesbank, as shown by the books on 31 December 1960, and the Report on the Fund for the Purchase of Equalisation Claims as at 31 December 1960, have been audited by the auditing companies Deutsche Revisions- und Treuhand-Aktiengesellschaft of Frankfurt am Main and Dr. Wollert — Dr. Elmendorff KG of Düsseldorf, whom the Central Bank Council had appointed to be Auditors in accordance with Article 26 of the Bundesbank Law.*

*In their notes of certification the Auditors have unreservedly confirmed that the Annual Statement for 1960, the bookkeeping and the Conversion Account as shown by the books on 31 December 1960 are in accordance with the legal provisions and that the Fund for the Purchase of Equalisation Claims has been properly endowed and administered.*

*The Central Bank Council approved the Annual Statement for 1960 on 4 May 1961. At the same time it confirmed the Conversion Accounts for the Bank deutscher Länder and the Land Central Banks as well as the Combined Conversion Account of the Institutions Amalgamated to Form the Deutsche Bundesbank, as shown by the books on 31 December 1960, and approved the Report on the Fund for the Purchase of Equalisation Claims as at 31 December 1960.*

*The Central Bank Council has assented to the Report for the Year 1960 and to the Directorate's proposal for appropriation of the Profit. After allocations to the Reserves and to the Fund for the Purchase of Equalisation Claims there remains a balance of profit amounting to DM 28,000,000.00, which will be set aside, for the time being, under an agreement with the Federal Government.*

*Since the publication of the Report for the Year 1959 the following changes have taken place in the organs of the Deutsche Bundesbank:*

*Under Article 12 paragraph 2 of the bylaws of the Deutsche Bundesbank, upon expiry of his contract on 31 October 1960*

*Herr Hans Günther L u t z e*

*retired from office as third member of the Board of Management of the Land Central Bank in Lower Saxony.*

*The following gentlemen were reappointed:*

*with effect from 1 January 1961*

*Dr. Eduard W o l f*

*as a Member of the Directorate of the Deutsche Bundesbank,*

*with effect from 1 February 1961*

*Herr Carl W a g e n h ö f e r*

*as President of the Land Central Bank in Bavaria,*

*with effect from 1 April 1961*

*Herr Ernst F e s s l e r*

*as President of the Land Central Bank in North-Rhine Westphalia.*

*The Central Bank Council, acting also on behalf of the Directorate and of the Boards of Management of the Land Central Banks, expresses to the officials, employees and workers of the Deutsche Bundesbank its thanks for their loyal and understanding cooperation during the year 1960.*

*Frankfurt am Main, May 1961*

**KARL BLESSING**  
*President of the Deutsche Bundesbank*



Appendices  
to  
Parts B and C

Combined Conversion Account of the Institutions

Assets	as shown by the books		
	as shown by the books on 1 Jan. 1960 DM	Changes in 1960 DM	as shown by the books on 31 Dec. 1960 DM
1. Cash <sup>1)</sup> . . . . .	1,133,326.07	—	1,133,326.07
2. Bills of exchange . . . . .	211,524.63	—	211,524.63
3. Advances against securities . . . . .	103,240.—	—	103,240.—
4. Cash advances . . . . .	100.—	—	100.—
5. Other short-term credit extended to public authorities . . . . .	1,345,153.61	less 4.—	1,345,149.61
6. Land and buildings . . . . .	26,462,658.—	—	26,462,658.—
7. Equipment . . . . .	2,166,811.21	—	2,166,811.21
8. Other assets . . . . .	9,502,199.21	less 15.—	9,502,184.21
9. Transitory items . . . . .	938,761.74	—	938,761.74
10. Equalisation claims on public authorities . . . . .	8,103,882,270.14	+ 241,263.47	8,104,123,533.61
11. Proceeds from realisation of DM (East) holdings . . . . .	41,334,713.71	—	41,334,713.71
12. Non-interest-bearing debt certificate in respect of Berlin . . . . .	547,168,045.86	less 619.76	547,167,426.10
	<u>8,734,248,804.18</u>	<u>+ 240,624.71</u>	<u>8,734,489,428.89</u>
13. Contingent claims . . . . .	126,558.92	—	126,558.92

<sup>1)</sup> Relating to converted Small Money Tokens.

# Amalgamated to Form the Deutsche Bundesbank

on 31 December 1960

Liabilities

	as shown by the books on 1 Jan. 1960 DM	Changes in 1960 DM	as shown by the books on 31 Dec. 1960 DM
1. Capital . . . . .	270,000,000.—	—	270,000,000.—
2. Reserves for specific purposes:			
for pension liabilities . . . . .	126,968,586.60	—	126,968,586.60
others . . . . .	233,810.35	—	233,810.35
3. Notes and coin put into circulation			
(a) first instalment of per-capita quotas . . . . .	1,853,121,612.32	less 40.—	1,853,121,572.32
(b) second instalment of per-capita quotas, delayed cases, etc. . . . .	264,983,817.18	+ 165.—	264,983,982.18
4. Deposits . . . . .	5,628,611,877.81	+ 241,119.47	5,628,852,997.28
5. Other liabilities . . . . .	1,648,526.03	—	1,648,526.03
6. Transitory items . . . . .	177,814.32	—	177,814.32
7. Amounts paid or credited under par. 52a, b, d and e, Berlin Central Bank Ordinance, and par. 9, Implementing Reg. 2, Berlin Conversion Ordinance . . . . .	588,502,759.57	less 619.76	588,502,139.81
	<u>8,734,248,804.18</u>	<u>+ 240,624.71</u>	<u>8,734,489,428.89</u>
8. Contingent liabilities . . . . .	126,558.92	—	126,558.92

Frankfurt am Main, 7 March 1961

*Deutsche Bundesbank  
The Directorate*

*Karl Blessing Dr. Troeger  
Dr. Benning Dr. Emminger Hartlieb Könniker Tüngeler  
Dr. Wolf Dr. Zachau*

*The final result of our audit, which was duly carried out on the basis of the books and records of the Deutsche Bundesbank as well as of the explanations given and vouchers produced, shows the accounting records and the Conversion Accounts for the Bank deutscher Länder and the Land Central Banks, amended to conform with the revisions as of 31 December 1960 and provisionally closed, as well as the correspondingly amended Combined Conversion Account of the Institutions Amalgamated to Form the Deutsche Bundesbank to be in accordance with the provisions of the law.*

Frankfurt am Main, 10 April 1961

*Deutsche Revisions- und Treuhand-Aktiengesellschaft  
Auditing Company*

*Dr. Adler  
Certified Auditor*

*Dr. Merckens  
Certified Auditor*

*Dr. Wollert - Dr. Elmendorff K.G.  
Auditing Company*

*Dr. Wollert Dr. Bargmann  
Certified Auditor Certified Auditor*

Assets	DM	DM	DM
1. Gold . . . . .			12,285,900,963.53
2. Balances at foreign banks and money-market investments abroad . . . . . including: earmarked DM 259,335,000.—			15,905,236,562.24
3. Foreign notes and coin, foreign bills and cheques . . . . .			157,199,221.28
4. German divisional coin . . . . .			90,584,562.67
5. Postal cheque account balances . . . . .			192,986,910.66
6. Domestic bills of exchange . . . . .			1,283,304,323.14
7. Treasury bills and non-interest-bearing Treasury bonds of Federal Government and Federal Special Funds . . . . .			136,330,000.—
8. Advances against securities . . . . .			419,037,700.—
9. Cash advances to (a) Federal Government and Federal Special Funds . . . . .		78,000,000.—	
(b) Länder . . . . .		—	
(c) other public authorities . . . . .		1,063,275.28	79,063,275.28
10. Other claims . . . . .			92,329,924.06
11. Securities . . . . .			323,572,114.37
12. Equalisation claims on public authorities and debt certificate in respect of Berlin (a) Equalisation claims . . . . .	8,216,981,702.18		
less Equalisation claims returned in exchange for money-market paper . . . . .	5,203,030,000.—	3,013,951,702.18	
(b) Debt certificate . . . . .		547,167,426.10	3,561,119,128.28
13. Credits to Federal Government for participation in international institutions . . . . .			1,387,167,200.—
14. Short and medium-term loans to international institutions and consolidation loans . . . . . including: (a) to I.B.R.D. DM 1,560,082,000.— (b) arising from liqui- dation of E.P.U. DM 1,992,749,096.81			3,657,320,254.96
15. Land and buildings . . . . .			55,000,000.—
16. Equipment . . . . .			1.—
17. Other assets . . . . .			57,356,196.66
18. Transitory items . . . . .			230,120,282.92
<i>Right of recourse in respect of contingent liabilities . . . . .</i>		11,765,753.55	
			<u>39,913,628,621.05</u>

as on 31 December 1960

	Liabilities		
	DM	DM	DM
1. Capital . . . . .			290,000,000.—
2. Reserves			
(a) legal reserve . . . . .		393,500,000.—	
(b) other reserves . . . . .		168,800,000.—	562,300,000.—
3. Reserves for specific purposes			
(a) for pension liabilities . . . . .		521,000,000.—	
(b) for note printing . . . . .		45,000,000.—	
(c) for conversion costs . . . . .		1,000,000.—	
(d) for other purposes . . . . .		510,024,881.39	1,077,024,881.39
4. Bank notes in circulation . . . . .			20,470,265,805.—
5. Deposits of			
(a) credit institutions (including Postal Cheque and Postal Savings Bank offices) . . . . .		13,036,408,893.82	
(b) public depositors			
(ba) Federal Govt. and Federal Special Funds . . . . .	814,698,132.40		
(bb) Länder . . . . .	2,564,884,274.36		
(bc) other public depositors . . . . .	59,890,099.09	3,439,472,505.85	
(c) other German depositors . . . . .		219,699,016.31	16,695,580,415.98
6. Liabilities in respect of foreign business			
(a) Deposits of foreign depositors . . . . .		281,769,497.89	
(b) others . . . . .		164,963,423.03	446,732,920.92
including: provision of cover for letters of credit and guarantees by foreigners DM 55,067,526.48 Germans DM 6,540,524.93			
7. Items in course of settlement . . . . .			169,835,381.41
8. Other liabilities . . . . .			30,856,375.93
9. Transitory items . . . . .			77,332,840.42
10. Net profit . . . . .			93,700,000.—
Contingent liabilities . . . . .		11,765,753.55	
			39,913,628,621.05

## Profit and Loss Account of the Deutsche Bundesbank for the Year 1960

Expenditure	DM	DM
1. Administrative costs		
(a) Personnel . . . . .	128,674,881.93	
(b) Materials . . . . .	23,318,133.92	151,993,015.85
2. Note printing . . . . .		11,641,414.30
3. Depreciation		
(a) on land and buildings . . . . .	10,022,350.79	
(b) on equipment . . . . .	2,309,419.85	12,331,770.64
4. Allocations to reserves for specific purposes		
(a) for pension liabilities . . . . .	79,662,129.87	
(b) others . . . . .	210,024,881.39	289,687,011.26
5. Pension payments in respect of Reichsbank . . . . .		19,642,708.05
6. Other expenditure . . . . .		3,455,732.98
7. Net profit . . . . .		93,700,000.—
		<u>582,451,653.08</u>
<hr style="border-top: 3px double #000;"/>		
<b>Receipts</b>		
1. Interest . . . . .		571,721,307.10
2. Fees and charges . . . . .		2,426,146.67
3. Other receipts . . . . .		8,304,199.31
		<u>582,451,653.08</u>
<hr style="border-top: 3px double #000;"/>		

Frankfurt am Main, 7 March 1961

**Deutsche Bundesbank**  
**The Directorate**

Karl Blessing Dr. Troeger  
Dr. Benning Dr. Emminger Hartlieb Könniker Tüngeler  
Dr. Wolf Dr. Zachau

*The final result of our audit, which was duly carried out on the basis of the records, books and other data of the Deutsche Bundesbank as well as of the explanations given and vouchers produced by the Directorate, shows the accounting records and the Annual Statement to be in accordance with the provisions of the law.*

Frankfurt am Main, 10 April 1961

Deutsche Revisions- und Treuhand-Aktiengesellschaft  
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## Fund for the Purchase of Equalisation Claims

Position on 31 December 1960

	Equalisation claims (remaining capital) DM	Cash resources DM	Total assets of the Fund DM
Position on 31 December 1959 . . .	260,164,040.40	33,738,523.93	293,902,564.33
Allocation from the Deutsche Bundesbank's 1959 net profit . . .		40,000,000.—	40,000,000.—
Equalisation claims purchased . . .	86,005,833.04	less 86,005,833.04	
Redeemed . . . . .	less 4,935,118.08	4,935,118.08	
Interest			
on equalisation claims . . . . .		9,219,708.75	9,219,708.75
from temporary employment of the Fund's cash resources . . . . .		1,857,756.97	1,857,756.97
<b>Position on 31 December 1960 . . .</b>	<b><u>341,234,755.36</u></b>	<b><u>3,745,274.69</u></b>	<b><u>344,980,030.05</u></b>

Frankfurt am Main, 7 March 1961

Deutsche Bundesbank

The Directorate

Karl Blessing Dr. Troeger

Dr. Benning Dr. Emminger Hartlieb Könniker Tüngeler

Dr. Wolf Dr. Zachau

Returns of the  
in millions

Date of return	Assets												
	Gold	Balances at foreign banks and money-market investments abroad		Foreign notes and coin, foreign bills and cheques	German divisional coin	Balances on postal cheque account	Domestic bills of exchange	Treasury bills and non-interest-bearing Treasury bonds			Advances against securities	Cash ad-	
		Total	including: earmarked					Total	Federal Government and Federal Special Funds	Länder		Total	Federal Government and Federal Special Funds
1960													
Jan. 7	10,934.0	7,668.2	347.8	125.0	113.1	176.6	901.1	0.3	0.3	---	39.4	215.3	211.8
15	10,933.8	7,910.4	347.8	124.3	139.5	137.5	1,023.3	1.1	1.1	---	103.5	11.5	---
23	10,935.3	8,056.6	347.8	129.2	155.7	72.7	1,490.3	2.0	2.0	---	49.4	10.1	---
31	10,935.3	7,871.6	347.8	129.8	124.1	99.3	1,370.2	---	---	---	28.8	4.4	---
Feb. 7	10,949.3	7,922.8	347.8	135.1	136.7	96.0	1,556.2	---	---	---	25.1	12.2	---
15	10,949.3	8,089.5	347.8	133.2	151.3	134.8	1,265.4	---	---	---	21.3	15.8	---
23	10,997.0	8,271.5	347.8	124.1	161.9	82.7	1,230.2	6.0	6.0	---	29.0	2.6	---
29	10,997.0	8,136.8	347.8	130.6	127.8	108.2	1,207.2	34.0	34.0	---	45.0	351.5	342.5
Mar. 7	10,998.9	8,290.6	347.8	140.9	134.8	116.9	2,533.4	82.2	82.2	---	50.9	339.6	328.4
15	10,998.9	8,671.7	347.8	152.2	130.4	132.7	2,570.9	12.2	12.2	---	65.8	16.6	---
23	11,069.8	8,612.1	347.8	159.2	151.4	106.3	2,557.5	89.2	89.2	---	91.2	13.1	---
31	11,069.8	8,815.5	347.8	160.5	119.7	126.0	1,972.4	25.0	25.0	---	31.2	161.8	148.6
Apr. 7	11,102.6	9,046.0	347.8	156.1	128.9	123.5	2,191.0	20.0	20.0	---	36.3	411.4	401.7
15	11,149.7	9,258.2	347.8	143.3	130.5	116.7	1,857.7	15.0	15.0	---	34.3	208.1	199.0
23	11,173.9	9,445.5	347.8	140.9	146.8	111.7	1,259.5	1.0	1.0	---	33.0	9.0	---
30	11,197.3	9,697.1	347.8	137.1	115.0	116.2	1,055.2	2.0	2.0	---	42.4	10.1	---
May 7	11,232.8	9,849.4	347.8	142.1	123.1	110.5	1,324.8	---	---	---	31.1	407.1	399.7
15	11,240.2	9,926.4	347.8	143.6	131.3	92.9	1,193.5	1.0	1.0	---	30.1	28.9	17.2
23	11,289.8	10,031.5	347.8	153.5	146.7	82.9	1,153.7	5.0	5.0	---	41.2	16.0	---
31	11,365.3	10,209.8	347.8	156.0	111.3	125.8	1,240.3	5.0	5.0	---	28.4	15.1	---
June 7	11,365.3	10,434.6	347.8	172.0	114.4	201.2	2,469.3	49.5	49.5	---	48.5	5.4	---
15	11,428.9	10,948.9	347.8	166.8	124.8	134.9	2,167.3	6.2	6.2	---	74.3	12.4	---
23	11,429.6	11,456.9	347.8	165.1	138.8	176.0	1,919.3	15.0	15.0	---	97.6	16.3	---
30	11,488.3	11,659.2	347.8	173.8	103.9	116.4	1,663.0	40.6	40.6	---	47.8	17.5	---
July 7	11,523.7	11,907.5	347.8	169.6	110.4	137.7	2,498.6	60.6	60.6	---	76.2	9.1	---
15	11,608.4	12,042.8	347.8	152.9	116.6	117.2	2,040.2	58.5	58.5	---	57.0	7.6	---
23	11,633.4	12,299.6	347.8	151.0	125.6	99.5	1,869.4	50.0	50.0	---	59.7	5.8	---
31	11,645.3	12,607.2	347.8	140.9	89.2	121.6	1,646.1	---	---	---	28.0	11.3	---
Aug. 7	11,723.5	12,822.1	259.9	131.5	102.2	110.7	1,629.9	---	---	---	30.8	100.1	95.2
15	11,789.4	13,133.6	259.9	126.7	115.1	116.1	1,506.9	---	---	---	38.6	6.6	---
23	11,837.7	13,351.8	259.9	140.5	132.6	157.0	1,479.4	3.1	3.1	---	37.3	7.1	---
31	11,881.6	13,552.4	259.9	133.3	96.6	126.2	1,259.1	2.3	2.3	---	25.7	3.5	---
Sep. 7	11,943.3	13,640.2	259.9	133.2	104.6	150.8	1,948.8	37.8	37.8	---	79.8	7.6	---
15	11,981.4	13,847.0	259.9	141.8	114.2	147.9	2,019.6	45.0	45.0	---	82.7	11.1	---
23	11,982.1	14,058.9	259.9	151.0	125.5	91.6	2,429.5	---	---	---	112.5	3.5	---
30	11,982.1	14,512.4	259.9	156.5	92.8	115.0	2,323.4	15.0	15.0	---	49.1	4.9	---
Oct. 7	12,029.2	14,581.8	259.9	152.3	97.9	114.5	2,199.6	79.9	79.9	---	81.0	3.5	---
15	12,090.3	14,557.4	259.9	140.4	104.3	122.6	2,029.4	28.6	28.6	---	68.5	5.2	---
23	12,091.0	14,952.9	259.9	161.3	118.7	86.8	1,687.6	16.9	16.9	---	82.3	10.4	---
31	12,091.0	15,419.8	259.9	160.7	89.5	140.8	1,335.1	11.0	11.0	---	25.6	14.3	---
Nov. 7	12,161.6	15,500.4	259.9	155.7	98.4	138.1	1,287.6	11.0	11.0	---	30.0	11.7	---
15	12,161.6	15,424.8	259.9	140.0	106.5	137.3	1,284.1	11.6	11.6	---	82.5	6.9	---
23	12,209.0	15,547.1	259.9	163.7	117.5	138.9	1,691.1	36.0	36.0	---	218.4	5.7	---
30	12,209.1	15,589.8	259.9	165.4	82.6	150.1	1,850.4	28.9	28.9	---	41.6	11.9	---
Dec. 7	12,256.1	15,605.5	259.9	157.9	76.8	137.4	2,298.3	138.7	138.7	---	199.8	3.7	---
15	12,256.1	15,929.4	259.9	174.4	83.0	140.3	1,801.8	69.8	69.8	---	59.2	9.8	---
23	12,256.9	16,005.5	259.9	167.8	87.4	102.4	1,343.6	29.7	29.7	---	108.9	7.9	---
31	12,285.9	15,905.3	259.3	157.2	90.6	193.0	1,283.3	136.3	136.3	---	419.0	79.1	78.0

<sup>1)</sup> Including equalisation claims resulting from conversion of Berlin pre-capitulation accounts (Supplementary Conversion Law) and from conversion of pre-to international institutions and consolidation loans.

# Deutsche Bundesbank

of DM

Assets														Date of return
vances		Equalisation claims and non-interest-bearing debt certificate						Credits to Federal Govt. for participation in international institutions	Short and medium-term loans to international institutions and consolidation loans *)			Other assets	Total	
Länder	Other public authorities	Securities	Holding	Equalisation claims from conversion of own balance sheet <sup>1)</sup>	Equalisation claims purchased	Equalisation claims returned in exchange for money-market paper	Debt certificate		Total	including:				
								Total		to I. B. R. D.	from liquidation of E. P. U.			
14	15	16	17	18	19	20	21	22	23	24	25	26	27	
—	3.5	233.7	5,690.8	8,127.2	102.1	3,085.7	547.2	1,210.7	4,818.4	1,485.5	3,156.0	330.0	32,456.6	1 9 6 0
3.0	8.5	234.6	5,660.6	8,127.2	102.1	3,115.9	547.2	1,210.7	4,540.0	1,381.3	2,995.1	314.7	32,345.5	Jan. 7
—	10.1	234.6	5,607.2	8,127.2	102.1	3,169.3	547.2	1,210.7	4,539.9	1,381.3	2,994.4	310.5	32,804.2	15
1.7	2.7	234.7	5,200.9	8,127.2	102.1	3,575.6	547.2	1,210.7	4,538.6	1,381.3	2,994.4	491.8	32,240.2	23
5.6	6.6	234.3	5,297.6	8,127.2	102.1	3,478.9	547.2	1,210.7	4,514.9	1,381.3	2,994.4	225.0	32,315.9	31
8.6	7.2	234.1	5,121.1	8,127.2	92.3	3,645.6	547.2	1,225.4	4,517.6	1,381.3	2,994.4	215.6	32,074.4	Feb. 7
—	2.6	233.5	5,156.3	8,127.2	92.2	3,610.3	547.2	1,225.4	4,518.7	1,381.3	2,993.6	287.3	32,326.2	15
5.9	3.1	233.5	5,267.6	8,127.3	92.2	3,499.1	547.2	1,225.4	4,517.9	1,381.3	2,993.6	542.9	32,925.4	23
5.3	5.9	231.7	5,461.4	8,127.3	92.2	3,305.3	547.2	1,247.5	4,521.3	1,381.3	2,993.6	205.7	34,355.8	29
2.8	13.8	231.1	5,516.8	8,127.3	92.2	3,249.9	547.2	1,247.5	4,520.0	1,381.3	2,993.6	209.0	34,475.8	Mar. 7
—	13.1	230.1	5,803.1	8,127.5	92.2	2,963.8	547.2	1,247.5	4,520.6	1,381.3	2,992.9	215.7	34,866.8	15
—	13.2	228.6	5,419.4	8,127.5	91.2	3,346.5	547.2	1,247.5	4,508.8	1,381.3	2,984.6	649.6	34,535.8	23
—	9.7	227.5	5,368.6	8,127.5	90.9	3,397.0	547.2	1,262.2	4,499.3	1,381.3	2,975.6	204.2	34,777.6	31
—	9.1	227.4	5,419.7	8,127.5	90.9	3,345.9	547.2	1,262.2	4,500.1	1,381.3	2,975.6	208.8	34,531.7	Apr. 7
—	9.0	225.5	5,150.2	8,127.5	90.9	3,615.4	547.2	1,262.2	4,466.3	1,406.3	2,915.5	266.8	33,692.3	15
—	10.1	225.8	5,061.9	8,127.5	90.9	3,703.7	547.2	1,262.2	4,466.3	1,406.3	2,915.5	320.9	33,709.5	23
—	7.4	225.5	5,136.9	8,127.5	90.9	3,628.7	547.2	1,276.9	4,464.9	1,406.3	2,915.5	198.1	34,523.2	30
1.3	10.4	225.5	5,148.8	8,127.5	90.9	3,616.8	547.2	1,283.2	4,465.3	1,406.3	2,915.5	203.9	34,114.6	May 7
6.9	9.1	225.5	5,154.1	8,127.7	90.9	3,611.7	547.2	1,283.2	4,499.6	1,441.3	2,914.7	216.4	34,299.1	15
—	15.1	225.5	5,139.0	8,127.7	90.9	3,626.8	547.2	1,321.0	4,497.1	1,441.3	2,914.7	567.9	35,007.5	23
—	5.4	225.4	5,186.7	8,127.7	90.9	3,579.1	547.2	1,335.7	4,493.2	1,441.3	2,914.7	215.9	36,317.1	31
—	12.4	223.8	5,145.5	8,127.7	90.9	3,620.3	547.2	1,335.7	4,524.9	1,481.3	2,914.7	204.6	36,499.0	June 7
—	16.3	223.7	5,159.2	8,127.7	90.9	3,606.6	547.2	1,335.7	4,523.7	1,481.3	2,914.0	262.7	36,919.6	15
—	17.5	224.0	5,095.7	8,127.7	89.6	3,668.8	547.2	1,335.7	4,445.5	1,481.3	2,832.3	698.3	37,109.7	23
—	9.1	224.2	5,088.7	8,127.7	89.4	3,675.6	547.2	1,335.7	4,435.8	1,481.3	2,832.3	288.8	37,866.6	30
—	7.6	224.2	5,328.3	8,127.7	89.4	3,436.0	547.2	1,335.7	4,328.7	1,481.3	2,726.7	247.8	37,665.9	July 7
—	5.8	224.1	5,285.1	8,127.7	89.4	3,479.2	547.2	1,335.7	4,327.2	1,481.3	2,725.9	292.5	37,758.6	15
—	11.3	224.1	4,558.0	8,127.7	89.4	4,206.3	547.2	1,335.7	4,239.0	1,481.3	2,637.7	599.8	37,246.2	23
—	4.9	224.0	4,560.9	8,127.7	89.4	4,203.4	547.2	1,339.9	3,954.8	1,506.3	2,328.6	254.4	36,984.8	31
—	6.6	224.0	4,133.5	8,127.7	89.4	4,630.8	547.2	1,339.9	3,838.0	1,506.3	2,209.4	255.1	36,623.5	Aug. 7
—	7.1	224.0	4,105.5	8,127.7	89.4	4,658.8	547.2	1,339.9	3,808.7	1,506.3	2,180.7	260.9	36,885.5	15
—	3.5	223.9	3,661.7	8,127.7	89.4	5,102.6	547.2	1,339.9	3,808.2	1,506.3	2,180.7	694.9	36,809.3	23
—	7.6	223.8	3,708.3	8,127.9	89.4	5,056.2	547.2	1,339.9	3,797.3	1,531.3	2,146.7	274.6	37,390.0	31
—	11.1	223.8	3,620.2	8,127.9	89.4	5,144.3	547.2	1,339.9	3,759.3	1,531.3	2,106.7	278.9	37,612.8	Sept. 7
—	3.5	224.1	3,997.9	8,127.9	89.4	4,766.6	547.2	1,339.9	3,758.1	1,531.3	2,106.0	353.2	38,627.8	15
—	4.9	224.1	3,978.4	8,128.0	89.4	4,786.2	547.2	1,339.9	3,737.7	1,531.3	2,088.7	566.1	39,097.4	23
—	3.5	224.3	3,853.6	8,128.0	89.1	4,910.7	547.2	1,339.9	3,687.7	1,512.5	2,054.7	269.3	38,714.5	30
—	5.2	224.2	3,708.7	8,128.1	89.1	5,055.7	547.2	1,339.9	3,711.9	1,537.5	2,054.7	285.9	38,417.3	Oct. 7
—	10.4	224.3	4,017.0	8,128.1	89.1	4,747.4	547.2	1,339.9	3,670.6	1,537.5	2,014.0	277.1	38,736.8	15
—	14.3	224.3	4,027.8	8,128.1	89.1	4,736.6	547.2	1,339.9	3,672.1	1,537.5	2,014.0	527.5	39,079.4	23
—	11.7	224.2	3,460.6	8,128.1	89.1	5,303.8	547.2	1,339.9	3,696.2	1,562.5	2,014.0	358.3	38,473.7	31
—	6.9	224.2	3,421.0	8,128.1	89.1	5,343.4	547.2	1,339.9	3,695.8	1,562.5	2,014.0	293.0	38,329.2	Nov. 7
—	5.7	224.0	3,377.4	8,128.1	89.1	5,387.0	547.2	1,339.9	3,697.0	1,562.5	2,013.3	409.9	39,175.6	15
—	11.9	224.0	3,107.6	8,128.1	89.1	5,656.8	547.2	1,360.9	3,693.5	1,562.5	2,010.9	727.4	39,243.2	23
—	3.7	323.9	3,185.2	8,128.1	89.1	5,579.2	547.2	1,360.9	3,693.0	1,562.5	2,010.9	295.5	39,732.7	30
—	9.8	323.9	3,321.4	8,128.1	89.1	5,443.0	547.2	1,360.9	3,682.4	1,562.5	2,010.9	284.8	39,497.2	Dec. 7
—	7.9	324.4	3,290.6	8,128.1	89.1	5,473.8	547.2	1,360.9	3,679.2	1,562.5	2,010.1	860.9	39,626.1	15
—	1.1	323.6	3,561.1	8,128.4	88.6	5,203.1	547.2	1,387.2	3,657.3	1,560.1	1,992.7	369.9	39,848.7	23
—														31

currency-reform accounts with credit institutions in the Soviet Sector of Berlin (Second Supplementary Conversion Law). — \*) Until 30 November 1960 loans

## Returns of the Deutsche Bundesbank (cont'd)

in millions of DM

Date of return	Liabilities															
	Bank notes in circulation	Deposits							Liabilities in respect of foreign business			Amounts placed to reserve for specific liabilities	Capital	Reserves	Other liabilities	Total
		Total	of public depositors				of other German depositors	Total	Deposits of foreign depositors	Other						
			of credit institutions (including Postal Cheque and Postal Savings Bank offices)	Total	Federal Government and Federal Special Funds	Länder					other public depositors					
28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	
1960																
Jan. 7	17,871.5	12,051.0	9,425.3	2,406.6	1,067.2	1,323.1	16.3	219.1	662.3	288.8	373.5	655.0	290.0	522.2	404.6	32,456.6
15	17,361.7	12,480.0	8,624.5	3,665.5	1,641.3	2,000.9	23.3	190.0	664.9	302.1	362.8	655.0	290.0	522.2	371.7	32,345.5
23	16,283.6	13,960.9	9,556.8	4,189.5	2,279.8	1,883.5	26.2	214.6	677.6	304.5	373.1	655.0	290.0	522.2	414.9	32,804.2
31	18,629.2	11,177.8	7,895.7	3,070.5	1,665.0	1,380.2	25.3	211.6	694.1	312.9	381.2	655.0	290.0	522.2	271.9	32,240.2
Feb. 7	17,593.5	12,261.8	9,513.1	2,539.0	1,112.3	1,407.9	18.8	209.7	685.3	287.8	397.5	655.0	290.0	522.2	308.1	32,315.9
15	17,060.2	12,520.5	8,796.8	3,512.9	1,560.8	1,909.8	42.3	210.8	662.7	263.7	399.0	655.0	290.0	522.2	363.8	32,074.4
23	16,185.6	13,633.0	9,516.8	3,909.2	2,111.4	1,774.0	23.8	207.0	759.3	355.4	403.9	655.0	290.0	522.2	281.1	32,326.2
29	18,939.2	11,539.4	8,395.9	2,925.8	1,630.2	1,269.4	26.2	217.7	691.1	293.3	397.8	655.0	290.0	522.2	288.5	32,925.4
Mar. 7	17,964.8	13,881.4	11,232.8	2,435.1	1,131.6	1,284.2	19.3	213.5	672.6	281.8	390.8	655.0	290.0	522.2	369.8	34,355.8
15	17,492.6	14,346.7	10,160.0	3,992.8	1,072.8	2,895.4	24.6	193.9	649.0	254.8	394.2	655.0	290.0	522.2	520.3	34,475.8
23	16,450.5	15,921.0	11,453.1	4,231.1	1,550.6	2,651.8	28.7	236.8	666.9	267.4	399.5	655.0	290.0	522.2	361.2	34,866.8
31	19,276.1	12,839.1	9,428.1	3,186.3	1,493.2	1,654.2	38.9	224.7	635.8	232.7	403.1	655.0	290.0	522.2	317.6	34,535.8
Apr. 7	18,238.1	14,047.1	11,086.3	2,749.8	1,118.3	1,613.3	18.2	211.0	643.4	243.6	399.8	655.0	290.0	522.2	381.8	34,777.6
15	18,084.9	13,951.6	11,009.7	2,732.3	1,029.3	1,686.6	16.4	209.6	635.2	214.9	420.3	655.0	290.0	522.2	392.8	34,531.7
23	16,724.7	14,595.4	10,905.7	3,458.9	1,468.3	1,957.9	32.7	230.8	683.0	224.9	458.1	655.0	290.0	522.2	222.0	33,692.3
30	19,478.7	12,016.3	9,488.6	2,303.0	915.4	1,361.5	26.1	224.7	522.5	350.9	171.6	655.0	290.0	522.2	224.8	33,709.5
May 7	18,377.6	13,968.3	11,274.7	2,483.7	930.4	1,530.4	22.9	209.9	469.9	313.8	156.1	806.0	290.0	562.3	49.1	34,523.2
15	17,964.6	13,960.0	10,878.5	2,870.8	1,058.8	1,781.4	30.6	210.7	471.0	281.8	189.2	806.0	290.0	562.3	60.7	34,114.6
23	16,974.7	14,950.2	11,144.0	3,567.6	1,658.7	1,874.0	34.9	238.6	455.8	287.8	168.0	806.0	290.0	562.3	260.1	34,299.1
31	19,509.1	13,341.7	10,413.5	2,720.4	1,595.9	1,096.5	28.0	207.8	435.1	272.1	163.0	806.0	290.0	562.3	63.3	35,007.5
June 7	18,784.9	15,090.3	12,731.9	2,144.2	1,032.9	1,087.5	23.8	214.2	474.9	301.9	173.0	806.0	290.0	562.3	308.7	36,317.1
15	18,249.9	15,961.8	11,417.5	4,342.4	1,867.0	2,457.9	17.5	201.9	466.7	301.8	164.9	806.0	290.0	562.3	162.3	36,499.0
23	17,202.6	17,497.4	11,960.3	5,306.5	2,473.1	2,793.2	40.2	230.6	476.6	335.3	141.3	806.0	290.0	562.3	84.7	36,919.6
30	19,864.0	14,872.7	10,865.9	3,786.0	1,791.7	1,956.0	38.3	220.8	478.1	345.4	132.7	806.0	290.0	562.3	236.6	37,109.7
July 7	18,900.4	16,568.9	13,183.6	3,171.0	1,054.6	2,098.6	17.8	214.3	443.0	319.9	123.1	806.0	290.0	562.3	296.0	37,866.6
15	18,608.7	16,682.6	12,129.5	4,340.7	1,872.2	2,448.8	19.7	212.4	412.7	281.4	131.3	806.0	290.0	562.3	303.6	37,665.9
23	17,671.6	17,674.1	12,820.6	4,619.5	2,340.2	2,251.1	28.2	234.0	474.9	348.1	126.8	806.0	290.0	562.3	279.7	37,758.6
31	20,233.6	14,626.7	11,253.4	3,140.1	1,679.7	1,435.5	24.9	233.2	430.3	312.5	117.8	806.0	290.0	562.3	297.3	37,246.2
Aug. 7	19,068.6	15,500.6	12,882.8	2,391.5	859.0	1,512.4	20.1	226.3	420.5	311.0	109.5	806.0	290.0	562.3	336.8	36,984.8
15	18,524.6	15,752.2	12,231.6	3,293.5	1,362.6	1,880.7	50.2	227.1	392.3	281.3	111.0	806.0	290.0	562.3	296.1	36,623.5
23	17,333.6	17,162.6	13,053.2	3,890.4	1,855.5	2,002.1	32.8	219.0	396.6	287.7	108.9	806.0	290.0	562.3	334.4	36,885.5
31	20,124.4	14,392.7	11,288.2	2,896.5	1,664.0	1,216.4	16.1	208.0	384.8	279.0	105.8	806.0	290.0	562.3	249.1	36,809.3
Sep. 7	18,985.6	16,000.5	13,458.2	2,331.4	1,105.1	1,209.8	16.5	210.9	402.6	296.5	106.1	806.0	290.0	562.3	343.0	37,390.0
15	18,733.1	16,479.1	11,652.6	4,620.1	2,005.6	2,595.6	18.9	206.4	391.7	287.9	103.8	806.0	290.0	562.3	350.6	37,612.8
23	17,903.1	18,381.8	12,557.4	5,604.9	2,443.5	3,128.5	32.9	219.5	427.1	329.2	97.9	806.0	290.0	562.3	257.5	38,627.8
30	20,624.0	16,175.8	11,554.6	4,410.1	2,216.7	2,159.4	34.0	211.1	367.8	268.8	99.0	806.0	290.0	562.3	271.5	39,097.4
Oct. 7	19,483.4	16,917.9	12,557.3	4,155.4	1,944.1	2,188.2	23.1	205.2	379.7	283.8	95.9	806.0	290.0	562.3	275.2	38,714.5
15	19,064.3	17,127.7	12,151.9	4,779.4	2,324.8	2,434.6	20.0	196.4	325.6	239.6	86.0	806.0	290.0	562.3	241.4	38,417.3
23	17,806.1	18,637.4	13,049.1	5,363.5	2,735.5	2,600.0	28.0	224.8	386.9	304.9	82.0	806.0	290.0	562.3	248.1	38,736.8
31	20,310.7	16,513.2	11,653.6	4,640.7	2,747.5	1,865.5	27.7	218.9	352.9	272.5	80.4	806.0	290.0	562.3	244.3	39,079.4
Nov. 7	19,151.9	17,069.4	12,875.5	3,977.0	1,968.4	1,985.5	23.1	216.9	369.2	268.5	100.7	806.0	290.0	562.3	224.9	38,473.7
15	18,596.7	17,374.2	12,488.0	4,687.2	2,284.1	2,356.1	47.0	199.0	317.3	238.1	79.2	806.0	290.0	562.3	382.7	38,329.2
23	17,589.4	19,295.7	13,404.2	5,663.5	3,214.7	2,409.9	38.9	228.0	387.5	313.1	74.4	806.0	290.0	562.3	244.7	39,175.6
30	20,916.8	15,961.1	12,126.9	3,616.1	2,088.5	1,500.5	27.1	218.1	463.5	328.3	135.2	806.0	290.0	562.3	243.5	39,243.2
Dec. 7	20,196.2	17,210.4	13,829.0	3,150.7	1,541.6	1,590.9	18.2	230.7	360.3	287.3	73.0	806.0	290.0	562.3	307.5	39,732.7
15	19,823.5	17,348.5	11,895.5	5,219.9	2,398.6	2,798.2	23.1	233.1	343.6	266.4	77.2	806.0	290.0	562.3	323.3	39,497.2
23	19,241.7	18,069.4	11,414.3	6,428.2	3,346.7	3,049.3	32.2	226.9	384.5	291.3	93.2	806.0	290.0	562.3	272.2	39,626.1
31	20,470.3	16,695.6	13,036.4	3,439.5	814.7	2,564.9	59.9	219.7	446.7	281.8	164.9	806.0	290.0	562.3	577.8	39,848.7

## Turnover on the Giro Accounts of the Deutsche Bundesbank

	Debits				Credits			
	1959		1960		1959		1960	
	'000 <sup>1)</sup>	DM mn	'000 <sup>1)</sup>	DM mn	'000 <sup>1)</sup>	DM mn	'000 <sup>1)</sup>	DM mn
Land Central Bank								
Baden-Württemberg	16,880	133,529	18,438	152,916	19,627	133,709	21,055	153,737
Bavaria	17,470	132,964	18,885	156,352	17,585	133,218	18,981	157,005
Berlin	2,090	36,352	2,226	39,756	2,819	36,389	3,031	39,850
Bremen	3,154	18,498	3,289	20,706	3,608	18,541	3,962	20,741
Hamburg	6,266	112,288	6,524	132,503	7,857	112,320	8,641	132,639
Hesse	11,665	162,818	12,590	197,914	12,049	163,052	12,898	198,562
Lower Saxony	15,192	82,941	16,340	92,166	13,193	83,162	14,076	92,672
North Rhine-Westphalia	35,052	419,772	38,387	484,242	33,034	420,378	36,482	486,078
Rhineland-Palatinate	7,118	44,072	7,568	50,270	6,710	44,139	7,268	50,461
Saarland	408	8,690	1,053	14,133	288	8,780	752	14,334
Schleswig-Holstein	4,399	23,782	4,675	25,764	3,496	23,818	3,769	25,949
<b>Total</b>	<b>119,694</b>	<b>1,175,706</b>	<b>129,975</b>	<b>1,366,722</b>	<b>120,266</b>	<b>1,177,506</b>	<b>130,915</b>	<b>1,372,028</b>
Bundesbank - Directorate -	754	150,702	536	159,601	751	146,781	639	159,431
<b>Grand total</b>	<b>120,448</b>	<b>1,326,408</b>	<b>130,511</b>	<b>1,526,323</b>	<b>121,017</b>	<b>1,324,287</b>	<b>131,554</b>	<b>1,531,459</b>

1) Number of transactions.

## Simplified Cheque Collection

	Cheques lodged				Cheques paid			
	1959		1960		1959		1960	
	'000	DM mn	'000	DM mn	'000	DM mn	'000	DM mn
Land Central Bank								
Baden-Württemberg	13,641	17,350	14,461	20,789	12,016	16,958	12,990	20,491
Bavaria	12,261	15,677	13,055	18,285	11,719	15,903	12,427	18,930
Berlin	2,089	2,746	2,165	3,385	1,335	2,452	1,335	2,756
Bremen	2,689	2,455	2,977	2,777	2,076	2,401	2,165	2,781
Hamburg	4,542	7,557	5,070	9,271	2,629	7,326	2,913	8,645
Hesse	8,349	11,535	8,831	14,064	8,268	13,578	8,871	16,880
Lower Saxony	9,054	10,791	9,685	12,487	10,648	11,092	11,445	12,897
North Rhine-Westphalia	21,159	35,729	23,608	44,286	24,012	36,838	26,339	44,536
Rhineland-Palatinate	4,170	5,126	4,544	6,031	4,554	5,331	4,918	6,372
Saarland	207	352	534	960	314	502	783	1,293
Schleswig-Holstein	2,013	2,685	2,159	2,989	2,707	2,411	2,890	2,788
<b>Total</b>	<b>80,174</b>	<b>112,003</b>	<b>87,089</b>	<b>135,324</b>	<b>80,278</b>	<b>114,792</b>	<b>87,076</b>	<b>138,369</b>
Bundesbank - Directorate -	114	2,779	122	3,115	7	98	4	30
<b>Grand total</b>	<b>80,288</b>	<b>114,782</b>	<b>87,211</b>	<b>138,439</b>	<b>80,285</b>	<b>114,890</b>	<b>87,080</b>	<b>138,399</b>

Telegraphic Giro Transactions  
telegraphic giro transfers despatched

	1959		1960	
	'000	DM mn	'000	DM mn
Land Central Bank				
Baden-Württemberg	27	18,871	27	20,014
Bavaria	25	21,483	25	24,472
Berlin	7	9,528	7	11,358
Bremen	3	1,999	3	2,246
Hamburg	11	14,279	11	16,463
Hesse	24	21,182	27	27,597
Lower Saxony	18	12,825	18	13,722
North Rhine-Westphalia	52	69,377	53	79,448
Rhineland-Palatinate	10	6,826	11	7,295
Saarland	1	979	1	1,401
Schleswig-Holstein	4	3,113	4	3,141
<b>Total</b>	<b>182</b>	<b>180,462</b>	<b>187</b>	<b>207,157</b>
Bundesbank - Directorate -	9	8,529	7	3,511
<b>Grand total</b>	<b>191</b>	<b>188,991</b>	<b>194</b>	<b>210,668</b>

## Certified Cheques

	1959		1960	
	number	DM mn	number	DM mn
Land Central Bank				
Baden-Württemberg	2,114	1,322	2,093	1,466
Bavaria	1,123	596	1,067	644
Berlin	163	3	111	2
Bremen	449	168	384	104
Hamburg	492	49	604	66
Hesse	2,096	1,262	1,829	1,354
Lower Saxony	516	388	487	515
North Rhine-Westphalia	11,073	12,901	10,364	13,729
Rhineland-Palatinate	850	235	783	285
Saarland	29	28	24	61
Schleswig-Holstein	796	23	891	30
<b>Total</b>	<b>19,701</b>	<b>16,975</b>	<b>18,637</b>	<b>18,256</b>

## Turnover in Clearing Transactions

	1959						1960					
	Bills, cheques, etc., lodged		Local transfers lodged		Total		Bills, cheques, etc., lodged		Local transfers lodged		Total	
	'000	DM mn	'000	DM mn	'000	DM mn	'000	DM mn	'000	DM mn	'000	DM mn
Land Central Bank												
Baden-Württemberg	16,387	29,414	2,638	4,542	19,025	33,956	17,562	34,955	3,096	5,117	20,658	40,072
Bavaria	17,963	29,632	5,118	4,908	23,081	34,540	18,894	35,224	6,009	5,855	24,903	41,079
Berlin	5,564	9,664	2,553	9,327	8,117	18,991	5,472	10,099	2,649	10,407	8,121	20,506
Bremen	3,633	5,504	2,895	5,889	6,528	11,393	3,863	6,454	3,202	6,503	7,065	12,957
Hamburg <sup>1)</sup>	5,109	13,720	16,407	71,008	21,516	84,728	5,440	15,359	17,926	81,555	23,366	96,914
Hesse	11,928	96,380	2,641	91,420	14,569	187,800	12,805	104,633	3,217	105,279	16,022	209,912
Lower Saxony	10,653	15,132	3,436	5,697	14,089	20,829	11,382	17,545	3,941	6,165	15,323	23,710
North Rhine-Westphalia	35,894	60,066	6,109	22,399	42,003	82,465	38,682	70,738	7,387	27,335	46,069	98,073
Rhineland-Palatinate	5,420	7,869	1,339	1,545	6,759	9,414	5,844	9,398	1,590	1,826	7,434	11,224
Saarland	445	1,513	423	2,221	868	3,734	1,051	2,858	1,004	3,332	2,055	6,190
Schleswig-Holstein	3,526	4,205	3,307	2,461	6,833	6,666	3,691	4,752	3,767	2,729	7,458	7,481
Total	116,522	273,099	46,866	221,417	163,388	494,516	124,686	312,015	53,788	256,103	178,474	568,118

<sup>1)</sup> The Hamburg clearing transactions, to which special arrangements apply, include moreover 691,000 transfers to and from other places amounting to DM 2.447 million (1959, 857,000 amounting to DM 2.265 million).

## Bank Note Circulation

Denominations	1957		1958		1959		1960	
	DM million	per cent	DM million	per cent	DM million	per cent	DM million	per cent
100 II	4,699.79	29.13	5,640.83	31.94	6,651.72	34.93	7,885.12	38.52
50 I	3,153.59	19.55	2,552.23	14.45	1,808.24	9.49	1,269.58	6.20
50 III	4,506.21	27.92	5,631.81	31.89	6,669.46	35.02	7,288.63	35.61
20 I/III	2,575.89	15.97	2,612.62	14.79	2,622.56	13.77	2,659.23	12.99
10 I/II	1,041.91	6.46	1,091.89	6.18	1,159.07	6.09	1,222.11	5.97
5 II	128.78	0.80	126.97	0.72	130.36	0.68	141.83	0.69
Other bank notes and small money tokens	26.75	0.17	5.12	0.03	4.28	0.02	3.77	0.02
Total	16,132.92	100.00	17,661.47	100.00	19,045.69	100.00	20,470.27	100.00

## Coin in Circulation

Coins at DM	1957		1958		1959		1960	
	DM million	per cent	DM million	per cent	DM million	per cent	DM million	per cent
5.—	409.33	35.89	417.21	34.86	439.73	34.39	462.66	33.78
2.—	137.84	12.09	151.82	12.69	152.78	11.95	169.57	12.38
1.—	323.25	28.35	337.79	28.22	364.40	28.50	386.76	28.24
— .50	113.33	9.94	121.88	10.18	137.03	10.72	150.34	10.98
— .10	102.71	9.01	109.93	9.19	119.52	9.35	128.67	9.40
— .05	32.92	2.89	34.37	2.87	37.43	2.93	40.22	2.94
— .02	2.02	0.18	2.81	0.23	4.58	0.36	5.99	0.44
— .01	18.90	1.65	21.05	1.76	23.07	1.80	25.17	1.84
Total	1,140.30	100.00	1,196.86	100.00	1,278.54	100.00	1,369.38	100.00

## Branch Establishments of the Deutsche Bundesbank

German Abbreviations: BW = Baden-Württemberg HB = Bremen N = Lower Saxony S = Saarland  
 BY = Bavaria HH = Hamburg NW = North Rhine-Westphalia SH = Schleswig-Holstein  
 B = Berlin H = Hesse R = Rhineland-Palatinate

Serial number	Bank place	Appropriate Main Branch	Land Central Bank	Serial number	Bank place	Appropriate Main Branch	Land Central Bank
39	Aachen	Aachen	NW	232	Flensburg	Flensburg	SH
563	Aalen (Württ)	Ulm	BW	512	Frankenthal (Pfalz)	Ludwigshafen	R
319	Ahlen (Westf)	Hamm	NW	4	Frankfurt (Main)	Frankfurt	H
282	Alfeld (Leine)	Hildesheim	N	57	Freiburg (Breisgau)	Freiburg	BW
431	Alsfeld (Oberhess)	Fulda	H	435	Friedberg (Hess)	Gießen	H
415	Altena (Westf)	Hagen	NW	599	Friedrichshafen	Konstanz	BW
655	Amberg (Oberpf)	Regensburg	BY	644	Fürth (Bay)	Nürnberg	BY
447	Andernach	Koblenz	R	433	Fulda	Fulda	H
646	Ansbach (Mittelfr)	Nürnberg	BY				
416	Arnsberg (Westf)	Lippstadt	NW	689	Garm.-Partenkirchen	München	BY
614	Aschaffenburg	Würzburg	BY	438	Gelnhausen	Fulda	H
68	Augsburg	Augsburg	BY	341	Gelsenkirchen	Gelsenkirchen	NW
				317	Gelsenkirchen-Buer	Gelsenkirchen	NW
536	Baden-Baden	Karlsruhe	BW	385	Gevelsberg	Hagen	NW
429	Bad Hersfeld	Fulda	H	43	Gießen	Gießen	H
469	Bad Kreuznach	Mainz	R	316	Gladbeck (Westf)	Gelsenkirchen	NW
699	Bad Reichenhall	München	BY	323	Goch	Krefeld	NW
62	Bamberg	Nürnberg	BY	565	Göppingen	Stuttgart	BW
63	Bayreuth	Hof	BY	288	Göttingen	Göttingen	N
352	Beckum (Bz Münster, Westf)	Hamm	NW	296	Goslar	Braunschweig	N
496	Bensheim	Darmstadt	H	353	Gütersloh	Bielefeld	NW
1	Berlin (West)	Berlin	B	441	Gummersbach	Bonn	NW
444	Betzdorf (Sieg)	Koblenz	R	41	Hagen	Hagen	NW
597	Biberach (Riß)	Ulm	BW	2	Hamburg	Hamburg	HH
424	Biedenkopf	Gießen	H	22	Hamburg-Altona	Hamburg	HH
26	Bielefeld	Bielefeld	NW	226	Hamburg-Harburg	Hamburg	HH
481	Bingen (Rhein)	Mainz	R	279	Hamel	Hannover	N
462	Bitburg (Eifel)	Trier	R	35	Hamm (Westf)	Hamm	NW
313	Bocholt	Münster	NW	439	Hanau	Frankfurt	H
346	Bochum	Bochum	NW	27	Hannover	Hannover	N
442	Bonn	Bonn	NW	381	Hattingen (Ruhr)	Bochum	NW
29	Braunschweig	Braunschweig	N	236	Heide (Holst)	Husum	SH
21	Bremen	Bremen	HB	523	Heidelberg	Mannheim	BW
215	Bremerhaven	Bremen	HB	567	Heidenheim (Brenz)	Ulm	BW
531	Bruchsal	Karlsruhe	BW	54	Heilbronn (Neckar)	Heilbronn	BW
537	Bühl (Baden)	Karlsruhe	BW	293	Helmstedt	Braunschweig	N
267	Bünde (Westf)	Minden	NW	269	Herford	Bielefeld	NW
				343	Herne	Bochum	NW
272	Celle	Hannover	N	367	Hilden	Düsseldorf	NW
622	Coburg	Hof	BY	28	Hildesheim	Hildesheim	N
221	Cuxhaven	Lüneburg	N	452	Höhr-Grenzhausen	Koblenz	R
				633	Hof (Saale)	Hof	BY
49	Darmstadt	Darmstadt	H	414	Hohenlimburg	Hagen	NW
673	Deggendorf	Regensburg	BY	284	Holzminden	Göttingen	N
278	Detmold	Bielefeld	NW	231	Husum	Husum	SH
451	Dillenburg	Gießen	H				
34	Dortmund	Dortmund	NW	474	Idar-Oberstein	Mainz	R
395	Düren	Aachen	NW	66	Ingolstadt (Donau)	München	BY
36	Düsseldorf	Düsseldorf	NW	411	Iserlohn	Dortmund	NW
32	Duisburg	Duisburg	NW	222	Itzehoe	Husum	SH
331	Duisburg-Hamborn	Duisburg	NW				
329	Duisburg-Ruhrort	Duisburg	NW	393	Jülich	Aachen	NW
592	Ebingen (Württ)	Reutlingen	BW	513	Kaiserslautern	Kaiserslautern	R
235	Eckernförde	Kiel	SH	233	Kappeln (Schlei)	Flensburg	SH
224	Elmshorn	Kiel	SH	53	Karlsruhe	Karlsruhe	BW
212	Emden	Emden	N	42	Kassel	Kassel	H
573	Emmendingen	Freiburg	BW	686	Kaufbeuren	Augsburg	BY
322	Emmerich	Duisburg	NW	685	Kempten (Allgäu)	Augsburg	BY
643	Erlangen	Nürnberg	BY	23	Kiel	Kiel	SH
428	Eschwege	Kassel	H	619	Kitzingen	Würzburg	BY
394	Eschweiler	Aachen	NW				
33	Essen	Essen	NW	321	Kleve	Krefeld	NW
554	Eßlingen (Neckar)	Stuttgart	BW	44	Koblenz	Koblenz	R
397	Euskirchen	Bonn	NW				

## Appendix 5 (cont'd) to the Report of the Deutsche Bundesbank for the Year 1960

Serial number	Bank place	Appropriate Main Branch	Land Central Bank	Serial number	Bank place	Appropriate Main Branch	Land Central Bank
3	Köln	Köln	NW	518	Pirmasens	Kaiserslautern	R
378	Köln-Mülheim	Köln	NW	418	Plettenberg	Hagen	NW
58	Konstanz	Konstanz	BW				
421	Korbach	Kassel	H	535	Rastatt	Karlsruhe	BW
363	Krefeld	Krefeld	NW	59	Ravensburg	Ulm	BW
364	Krefeld-Uerdingen	Krefeld	NW	318	Recklinghausen	Gelsenkirchen	NW
634	Kulmbach	Hof	BY	65	Regensburg	Regensburg	BY
				446	Remagen	Koblenz	R
571	Lahr (Schwarzwald)	Freiburg	BW	374	Remscheid	Remscheid	NW
519	Landau (Pfalz)	Ludwigshafen	R	389	Remscheid-Lennep	Remscheid	NW
67	Landshut (Bay)	Regensburg	BY	237	Rendsburg	Kiel	SH
432	Lauterbach (Hessen)	Fulda	H	55	Reutlingen	Reutlingen	BW
216	Leer (Ostfriesl)	Emden	N	312	Rheine (Westf)	Münster	NW
277	Lemgo	Bielefeld	NW	328	Rheinhausen	Duisburg	NW
453	Limburg (Lahn)	Wiesbaden	H	368	Rheydt	Mönchengladbach	NW
688	Lindau (Bodensee)	Augsburg	BY	697	Rosenheim	München	BY
262	Lingen (Ems)	Osnabrück	N	591	Rottweil	Reutlingen	BW
356	Lippstadt	Lippstadt	NW	457	Rüdesheim (Rhein)	Wiesbaden	H
577	Lörrach	Freiburg	BW				
548	Ludwigsburg	Stuttgart	BW	47	Saarbrücken	Saarbrücken	S
51	Ludwigshafen (Rhein)	Ludwigshafen	R	476	Saarlouis	Saarbrücken	S
24	Lübeck	Lübeck	SH	578	Säckingen	Freiburg	BW
417	Lüdenscheid	Hagen	NW	516	St. Ingbert (Saar)	Saarbrücken	S
227	Lüneburg	Lüneburg	N	234	Schleswig	Flensburg	SH
				647	Schwabach	Nürnberg	BY
48	Mainz	Mainz	R	562	Schwäbisch Gmünd	Stuttgart	BW
52	Mannheim	Mannheim	BW	545	Schwäbisch Hall	Heilbronn	BW
425	Marburg (Lahn)	Gießen	H	616	Schweinfurt	Würzburg	BY
638	Marktedwitz	Hof	BY	384	Schwelm	Wuppertal-Elberfeld	NW
449	Mayen	Koblenz	R	593	Schwenningen(Neckar)	Freiburg	BW
683	Memmingen	Augsburg	BY	295	Seesen	Braunschweig	N
412	Menden (Sauerland)	Dortmund	NW	443	Siegburg	Bonn	NW
371	Mettmann	Wuppertal-Elberfeld	NW	445	Siegen	Siegen	NW
617	Miltenberg	Würzburg	BY	584	Singen (Hohentwiel)	Konstanz	BW
268	Minden (Westf)	Minden	NW	355	Soest	Hamm	NW
365	Mönchengladbach	Mönchengladbach	NW	373	Solingen	Remscheid	NW
325	Moers	Duisburg	NW	372	Solingen-Ohligs	Remscheid	NW
526	Mosbach (Baden)	Heilbronn	BW	515	Speyer	Ludwigshafen	R
335	Mülheim (Ruhr)	Mülheim (Ruhr)	NW	273	Stadthagen	Hannover	N
6	München	München	BY	396	Stolberg (Rheinl)	Aachen	NW
31	Münster (Westf)	Münster	NW	672	Straubing	Regensburg	BY
				5	Stuttgart	Stuttgart	BW
413	Neheim-Hüsten	Lippstadt	NW				
238	Neumünster	Kiel	SH	465	Traben-Trarbach	Trier	R
478	Neunkirchen (Saar)	Saarbrücken	S	46	Trier	Trier	R
366	Neuß	Köln	NW	557	Tübingen	Reutlingen	BW
239	Neustadt (Holst)	Lübeck	SH	594	Tuttlingen	Konstanz	BW
514	Neustadt (Weinstraße)	Ludwigshafen	R				
448	Neuwied	Koblenz	R	229	Uelzen	Lüneburg	N
271	Nienburg (Weser)	Hannover	N	56	Ulm (Donau)	Ulm	BW
661	Nördlingen	Augsburg	BY	354	Unna	Hamm	NW
211	Norden	Emden	N				
263	Nordhorn	Osnabrück	N	338	Velbert (Rheinl)	Wuppertal-Elberfeld	NW
286	Northheim (Han)	Göttingen	N	362	Viersen	Mönchengladbach	NW
64	Nürnberg	Nürnberg	BY	582	Villingen (Schwarzw)	Freiburg	BW
333	Oberhausen (Rheinl)	Oberhausen	NW	342	Wanne-Eickel	Bochum	NW
332	Oberhausen (Rheinl)-Sterkrade	Oberhausen	NW	359	Warburg (Westf)	Lippstadt	NW
455	Oberlahnstein	Koblenz	R	653	Weiden (Oberpf)	Regensburg	BY
491	Offenbach (Main)	Frankfurt	H	521	Weinheim (Bergstr)	Mannheim	BW
539	Offenburg (Baden)	Karlsruhe	BW	528	Wertheim	Heilbronn	BW
217	Oldenburg (Oldb)	Oldenburg	N	324	Wesel	Duisburg	NW
419	Olpe	Siegen	NW	454	Wetzlar	Gießen	H
376	Opladen	Remscheid	NW	45	Wiesbaden	Wiesbaden	H
265	Osnabrück	Osnabrück	N	213	Wilhelmshaven	Oldenburg	N
298	Osterode (Harz)	Göttingen	N	382	Witten	Dortmund	NW
				489	Worms	Mainz	R
				61	Würzburg	Würzburg	BY
357	Paderborn	Lippstadt	NW	38	Wuppertal-Barmen	Wuppertal-Elberfeld	NW
677	Passau	Regensburg	BY	37	Wuppertal-Elberfeld	Wuppertal-Elberfeld	NW
275	Peine	Hildesheim	N				
534	Pforzheim	Pforzheim	BW	517	Zweibrücken	Kaiserslautern	R



# Annex

## Statistics on Money and Credit and the Balance of Payments

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**I. Extracts from the Consolidated Condition Statement for the Credit Institutions  
including the Deutsche Bundesbank**

**1) Bank Lendings to German Non-Banks, Net Claims on Foreign Countries,  
and Principal Bank Liabilities to German Non-Banks\*)**

in millions of DM

Items	Position at end of year						Increase (+) or decrease (-) during year <sup>1)</sup>				
	1955	1956	1957	1958	1959 <sup>2)</sup>	1960	1956	1957	1958	1959	1960
<b>I. Bank Lendings to German Non-Banks, total</b>	76,233	85,737	95,334	107,985	128,670	145,977	+10,064	+ 9,983	+12,542	+18,096	+17,307
(1) Credit institutions except Deutsche Bundesbank, total	75,222	84,962	94,695	107,136	127,134	144,376	+10,300	+10,119	+12,332	+17,409	+17,242
Short-term lendings, total to business and private customers	29,464	31,228	33,952	34,152	37,076	42,523	+ 1,764	+ 2,724	+ 91	+ 2,316	+ 5,447
to public authorities	28,654	30,132	31,644	31,755	35,211	40,623	+ 1,478	+ 1,512	+ 111	+ 2,858	+ 5,418
Banks' holdings of German Treasury bills and non-interest-bearing Treasury bonds (excluding "mobilisation paper" <sup>3)</sup> )	326	433	625	530	307	405	+ 107	+ 192	- 95	- 223	- 92
<i>note: banks' holdings of "mobilisation paper"<sup>4)</sup></i>	484	663	1,683	1,867	1,558	1,495	+ 179	+ 1,020	+ 75	- 319	- 63
Medium and long-term lendings, total to business and private customers	( 714)	( 1,126)	( 4,027)	( 4,300)	( 2,940)	( 4,128)	(+ 412)	(+ 2,901)	(+ 273)	(- 1,385)	(+ 1,188)
to public authorities	42,357	50,371	57,306	67,850	83,255	94,998	+ 8,574	+ 7,234	+10,544	+13,479	+11,743
Banks' holdings of German securities and syndicate participations (excluding holdings of bank bonds <sup>5)</sup> )	34,614	41,100	46,666	54,165	65,947	75,630	+ 6,944	+ 5,571	+ 7,499	+10,254	+ 9,741
<i>note: banks' holdings of bank bonds<sup>5)</sup></i>	7,743	9,271	10,640	13,685	17,308	19,368	- 1,630	+ 1,663	+ 3,045	+ 3,225	+ 2,002
(2) Deutsche Bundesbank, total	3,401	3,363	3,437	5,134	6,803	6,855	- 38	+ 161	+ 1,697	+ 1,614	+ 52
Lendings to public authorities	( 3,154)	( 3,464)	( 4,785)	( 7,883)	( 11,146)	( 11,479)	(+ 310)	(+ 1,286)	(+ 3,098)	(+ 3,079)	(+ 333)
Holdings of Treasury bills and non-interest-bearing Treasury bonds <sup>6)</sup>	1,011	775	639	849	1,536	1,601	- 236	- 136	+ 210	+ 687	+ 65
Lendings to business and private customers	630	541	475	748	1,456	1,465	- 89	- 66	+ 273	+ 708	+ 9
to public authorities	261	136	158	100	80	136	- 125	+ 22	- 58	- 20	- 56
to business and private customers	120	98	6	1	0	-	- 22	- 92	- 5	- 1	- 0
<b>II. Net Claims on Foreign Countries (Bundesbank and other banks)</b>	11,410	15,827	20,893	24,936	24,510	30,679	+ 4,242	+ 5,066	+ 4,218	- 261	+ 6,169
<b>III. Note and Coin Circulation, total</b>	14,642	15,591	17,273	18,858	20,324	21,840	+ 949	+ 1,682	+ 1,585	+ 1,466	+ 1,516
including: Banks' cash holdings	601	715	812	918	980	1,068	+ 114	+ 97	+ 106	+ 37	+ 88
<b>IV. Deposits of German Non-Banks and other Bank Liabilities to German Non-Banks</b>											
(1) Credit institutions except Deutsche Bundesbank											
Sight deposits of business and private customers	14,867	16,111	18,316	21,402	24,845	26,361	+ 1,244	+ 2,205	+ 3,086	+ 3,040	+ 1,516
public authorities	2,330	2,608	2,690	2,900	3,197	3,664	+ 278	+ 82	+ 210	+ 203	+ 467
Time deposits <sup>7)</sup> of business and private customers	5,612	7,147	9,348	9,791	10,736	11,450	+ 1,535	+ 2,201	+ 443	+ 898	+ 714
public authorities	4,513	4,828	6,150	6,720	7,687	8,013	+ 315	+ 1,364	+ 570	+ 780	+ 326
Savings deposits	21,353	24,252	29,349	36,065	44,940	52,863	+ 2,899	+ 5,097	+ 6,716	+ 8,105	+ 7,923
<i>note: Accrual of funds in savings business<sup>8)</sup></i>											
Bank bonds in circulation	11,575	13,218	15,414	19,804	25,849	29,292	+ 2,910	+ 5,085	+ 6,737	+ 8,146	+ 7,960
<i>note: Accrual of funds from sale of bank bonds to non-banks<sup>9)</sup></i>											
Monies and loans taken from non-banks including: at notice of, or fixed for, six months and over	( 19,948)	(24,052)	(26,367)	( 27,259)	( 29,420)	( 32,114)	(+ 4,345)	(+ 3,093)	(+ 1,667)	(+ 1,246)	(+ 2,636)
Capital and reserves <sup>10)</sup> under Art. 11, German Banking Law	4,367	5,181	6,422	7,546	9,007	10,423	+ 814	+ 845	+ 1,124	+ 1,373	+ 1,416
(2) Deutsche Bundesbank											
Sight deposits of business and private customers	242	294	340	336	222	219	+ 52	+ 46	- 4	+ 13	- 3
public authorities <sup>11)</sup>	6,489	7,196	4,590	4,271	1,838	3,320	+ 1,055	- 2,606	- 616	- 2,686	+ 1,453

\* The figures in this survey relate to the area of the Federal Republic including Berlin (West), since December 1959 also including the Saarland. They are based on the "Consolidated Condition Statement for the Credit Institutions including the Deutsche Bundesbank". Assets and liabilities in respect of foreign countries — with the exception of DM notes and coins as well as bank bonds held by foreigners, the amount of which holdings cannot be ascertained — are combined in an overall net balance and hence not contained in any of the other items. Thus the figures are not immediately comparable with the other statistical data presented in this Annex. — <sup>1)</sup> From December 1959 onwards including the Saarland. Cf. footnote \*). — <sup>2)</sup> The changes in the items recorded in the text column are here taken into account only in so far as they are relevant to the money supply. They cannot, therefore, be immediately computed from the end-of-year figures. — <sup>3)</sup> I. e., Federal Treasury bills and non-interest-bearing Treasury bonds deriving from exchange for a corresponding partial amount of the Bundesbank's equalisation claim; the taking of such paper by the banks does not represent any additional granting of credit to non-banks. Elimination from bank holdings partly estimated. — <sup>4)</sup> Banks' holdings of other banks' bonds do not represent any immediate granting of credit to non-banks. — <sup>5)</sup> "Mobilisation paper" is not held by the Bundesbank. — <sup>6)</sup> Deposits at notice or fixed period of at least one month. — <sup>7)</sup> Amounts credited as currency conversion compensation for expelled persons or as compensation for holders of old savings are taken into account only in so far as covering claims on the Equalisation of Burdens Fund were redeemed. — <sup>8)</sup> Set off against the credit institutions' holdings of their own and other banks' bonds; moreover, bonds issued under the compensation scheme for holders of old savings are taken into account only in so far as covering claims on the Equalisation of Burdens Fund were redeemed. — <sup>9)</sup> Including those of Deutsche Bundesbank. — <sup>10)</sup> Including balances of German public authorities temporarily employed in equalisation claims and, until end-1958, deposits of agencies of the former occupying powers.

## 2) Note and Coin Circulation and Residents' Sight Deposits<sup>1)</sup>

in millions of DM

End of month	Note and coin circulation, and residents' sight deposits <sup>1)</sup> , total including   excluding amounts temporarily employed in equalisation claims <sup>2)</sup>		Note and coin circulation excluding credit institutions' cash holdings <sup>2)</sup>	Sight deposits of German business and private customers			Sight deposits of German public authorities					Deposits of agencies of former occupying powers with Deutsche Bundesbank <sup>4)</sup>
				Total	with credit institutions (except Deutsche Bundesbank <sup>3)</sup> )	with Deutsche Bundesbank <sup>3)</sup>	Total		with credit institutions (except Deutsche Bundesbank)	with Deutsche Bundesbank		
							including	excluding		on giro account	temporarily employed in equalisation claims <sup>5)</sup>	
1952 December	26,011	24,286	10,804	10,512	10,247	265	3,942	2,217	1,829	388	1,725	753
1953 "	29,441	26,311	11,955	11,443	11,198	245	5,404	2,274	1,849	425	3,130	639
1954 "	34,155	29,419	12,751	13,719	13,414	305	7,162	2,426	2,077	349	4,736	523
1955 "	37,969	34,388	14,041	15,109	14,867	242	8,554	4,973	2,330	2,643	3,581	265
1956 "	41,085	37,864	14,876	16,405	16,111	294	9,660	6,439	2,608	3,831	3,221	144
1957 "	42,397 <sup>1)</sup>		16,461	18,656	18,316	340	7,139 <sup>1)</sup>		2,690	4,449 <sup>1)</sup>		141
1958 "	46,849		17,940	21,738	21,402	336	7,124		2,900	4,224		47
1959 March	44,287		18,027	21,110	20,893	217	5,150		2,863	2,287		—
June	45,622		18,433	22,550	22,368	222	4,599		2,682	1,917		—
September	46,927		18,987	23,291	23,074	217	4,649		2,746	1,903		—
December	48,855		19,369	24,545	24,323	222	4,941		3,103	1,838		—
December <sup>5)</sup>	49,446		19,344	25,067	24,845	222	5,035		3,197	1,838		—
1960 March	48,953		19,465	23,804	23,579	225	5,684		3,067	2,617		—
June	51,096		19,971	24,634	24,413	221	6,491		3,080	3,411		—
September	52,462		20,946	24,407	24,196	211	7,109		2,971	4,138		—
December	54,336		20,772	26,580	26,361	219	6,984		3,664	3,320		—
1961 March <sup>6)</sup>	55,299		1,581	24,713	24,490	223	9,005		3,098	5,907		—

<sup>1)</sup> From July 1959 onwards including DM notes and coins newly issued in the Saarland as well as deposits of Saarland non-banks with the Deutsche Bundesbank. Cf. footnote <sup>5)</sup>. — <sup>2)</sup> Since the entry into force, on 1 August 1957, of the Law concerning the Deutsche Bundesbank it has no longer been possible for public monies to be employed in equalisation claims. — <sup>3)</sup> Including DM notes and coins held abroad. — <sup>4)</sup> Until the end of 1958 including the (relatively small) deposits of foreign business enterprises and individuals at the Bundesbank. — <sup>5)</sup> From January 1959 onwards included in foreign liabilities. — <sup>6)</sup> From January 1960 onwards including the Saarland; the rows of figures were linked together by showing for December 1959, firstly, the figures excluding the Saarland and, secondly, the figures including the Saarland. Cf. footnote <sup>1)</sup>. — p) Provisional.

## 3) Savings Deposits

in millions of DM

Period	Savings deposits total	including: Savings deposits carrying tax privileges	Total savings deposits comprise those at				
			Savings banks	Credit co-operatives	Commercial banks	Postal Savings Bank	Other credit institutions
End-of-month figures							
1959 June	40,002	4,295	25,314	5,579	6,325	2,595	189
September	41,682	3,926	26,349	5,825	6,633	2,676	199
December	44,268	4,045	27,958	6,167	7,142	2,783	218
December <sup>1)</sup>	45,039	4,051	28,516	6,305	7,204	2,793	221
1960 March <sup>1)</sup>	47,177	3,586	29,922	6,634	7,406	2,988	227
June	48,556	3,632	30,739	6,815	7,711	3,056	235
September	50,070	3,299	31,707	7,056	7,937	3,127	243
December	53,114	3,216	33,724	7,454	8,402	3,274	260
Change during quarter							
1959 3rd qtr.	+ 1,680	— 369	+ 1,035	+ 246	+ 308	+ 81	+ 10
4th qtr.	+ 2,586	+ 119	+ 1,609	+ 342	+ 509	+ 107	+ 19
1960 1st qtr.	+ 2,138	— 465	+ 1,406	+ 329	+ 202	+ 195	+ 6
2nd qtr.	+ 1,379	+ 46	+ 817	+ 181	+ 305	+ 68	+ 8
3rd qtr.	+ 1,514	— 333	+ 968	+ 241	+ 226	+ 71	+ 8
4th qtr.	+ 3,044	— 83	+ 2,017	+ 398	+ 465	+ 147	+ 17

<sup>1)</sup> From January 1960 onwards including the Saarland. The rows of figures were linked together by showing for December 1959, firstly, the figures excluding the Saarland and, secondly, the figures including the Saarland.



### III. Central Bank Lendings to Non-Banks and Central Bank Deposits of Non-Banks\*)

#### 1) Central Bank Lendings to Non-Banks in millions of DM

End of month	Total lendings to non-banks including Treasury bills and securities		Public authorities											Business and private customers		
			Total including Treasury bills and securities		Federal Government and Federal Special Funds <sup>1)</sup>					Länder					"Direct lendings" <sup>2)</sup>	Credits granted to insurance companies and building and loan associations <sup>3)</sup>
					Total	Treasury bills and non-interest-bearing Treasury bonds	Cash advances	Credit to Fed. Govt. for participation in international institutions	Securities	Total	Treasury bills and non-interest-bearing Treasury bonds	Cash advances	Advances on securities	Other public authorities		
1949 Dec.	802.1	568.4	756.1	522.4	504.2	101.1	403.1	—	—	250.6	132.6	97.2	20.8	1.3	27.7	18.3
1950 "	1,622.8	926.4	1,503.7	807.3	1,213.8	241.3	637.5	—	335.0	288.7	120.1	161.1	7.5	1.2	53.8	65.3
1951 "	1,166.5	299.1	1,036.6	169.2	839.4	553.3	—	—	286.1	196.0	28.0	168.0	—	1.2	69.3	60.6
1952 "	750.0	380.4	603.4	233.8	538.2	355.2	—	—	64.8	64.8	14.4	50.4	—	0.4	85.6	61.0
1953 "	622.5	369.1	478.4	225.0	430.4	203.1	—	183.0	44.3	47.6	6.0	41.6	—	0.4	108.4	35.7
1954 "	734.3	601.9	605.4	473.0	522.7	100.4	—	390.7	31.6	61.2	0.4	60.8	—	21.5	109.9	19.0
1955 "	1,011.2	749.8	891.0	629.6	652.1	247.3	—	390.7	14.1	205.8	—	180.4	25.4	33.1	103.5	16.7
1956 "	813.0	639.3	715.0	541.3	564.5	119.9	—	390.8	53.8	101.8	—	101.8	—	48.7	88.7	9.3
1957 "	808.6	480.4	802.8	474.6	719.0	153.7	—	390.8	174.5	83.8	—	83.8	—	—	2.2	3.6
1958 "	1,094.4	748.7	1,094.0	748.3	1,024.9	100.0	17.5	661.7	245.7	69.1	—	69.1	—	—	—	0.4
1959 "	1,747.8	1,455.5	1,747.8	1,455.5	1,747.8	80.0	244.8	1,210.7	212.3	—	—	—	—	—	—	0.0
1960 March	1,627.4	1,396.1	1,627.4	1,396.1	1,627.4	25.0	148.6	1,247.5	206.3	—	—	—	—	—	—	—
June	1,579.3	1,335.7	1,579.3	1,335.7	1,579.3	40.6	—	1,335.7	203.0	—	—	—	—	—	—	—
Sep.	1,558.0	1,339.9	1,558.0	1,339.9	1,558.0	15.0	—	1,339.9	203.1	—	—	—	—	—	—	—
Dec.	1,804.4	1,465.2	1,804.4	1,465.2	1,804.4	136.3	78.0	1,387.2	202.9	—	—	—	—	—	—	—
1961 Jan.	1,659.9	1,455.4	1,659.9	1,455.4	1,659.9	1.2	—	1,455.4	203.3	—	—	—	—	—	—	—
Feb.	1,699.7	1,481.7	1,699.7	1,481.7	1,699.7	15.0	—	1,481.7	203.0	—	—	—	—	—	—	—
March	1,728.6	1,495.2	1,728.6	1,495.2	1,728.6	30.0	—	1,495.2	203.4	—	—	—	—	—	—	—

\*) From July 1959 onwards including the Land Central Bank in the Saarland.

<sup>1)</sup> Including Federal Railways, Federal Postal Administration and Federal Equalisation of Burdens Office. — <sup>2)</sup> Discount credits and advances on securities granted by Land Central Bank branches in the former French zone of occupation. — <sup>3)</sup> Through temporary purchase of, or lending on, equalisation claims.

#### 2) Central Bank Deposits of Non-Banks\*) in millions of DM

End of month	Total		Public authorities <sup>1)</sup>			E.R.P. Special Fund <sup>2)</sup>	Agencies of former occupying powers <sup>3)</sup>	Other depositors <sup>4)</sup>
	including amounts temporarily employed in equalisation claims <sup>5)</sup>	excluding	Federal Government (without Special Funds), Länder and Equalisation of Burdens Authorities	Special accounts "Development Aid Loan" <sup>6)</sup>	Other public authorities <sup>4)</sup>			
1949 Dec.	1,641.3	1,236.5	634.6	—	323.5	—	470.0	213.2
1950 "	3,693.3	3,446.0	594.3	—	396.7	965.0	907.6	829.7
1951 "	3,997.3	2,990.0	1,191.8	—	223.0	1,312.8	997.3	272.4
1952 "	3,957.8	2,194.1	1,906.1	—	207.2	825.9	753.4	265.2
1953 "	4,935.3	1,704.2	3,181.4	—	373.2	496.7	639.3	244.7
1954 "	6,266.5	1,529.9	4,684.7	—	400.6	352.8	523.4	305.0
1955 "	7,003.5	3,420.7	5,949.7	—	274.3	272.2	265.5	241.8
1956 "	7,682.3	4,459.3	6,711.8	—	339.8	192.5	143.8	294.4
1957 "	5,097.3	—	4,017.1	—	431.4	167.8	140.6	340.4
1958 March	4,669.5	—	3,660.8	—	235.9	299.2	114.4	359.2
June	5,220.0	—	3,870.3	—	603.9	326.7	70.5	348.6
Sep.	5,000.4	—	3,631.6	—	567.0	450.2	42.8	308.8
Dec.	4,968.2	—	3,614.0	—	610.3	361.2	46.8	335.9
1959 March	3,088.8	—	1,550.8	—	735.9	585.4	—	216.7
June	2,918.8	—	1,345.2	—	571.7	780.1	—	221.8
Sep.	2,887.0	—	1,225.9	—	676.9	767.1	—	217.1
Dec.	2,260.8	—	1,161.3	—	677.3	200.4	—	221.8
1960 Jan.	3,282.1	—	1,840.8	—	620.2	609.5	—	211.6
Feb.	3,143.5	—	1,506.0	—	870.1	549.7	—	217.7
March	3,411.0	—	1,752.9	—	864.4	569.0	—	224.7
April	2,527.7	—	1,461.4	—	461.9	379.7	—	224.7
May	2,928.2	—	1,475.9	—	904.0	340.5	—	207.8
June	4,006.8	—	2,692.1	—	718.6	375.3	—	220.8
July	3,373.3	—	1,884.7	—	903.4	352.0	—	233.2
Aug.	3,104.5	—	1,652.0	—	945.0	299.5	—	208.0
Sep.	4,621.2	—	3,237.8	—	899.9	272.4	—	211.1
Oct.	4,859.6	—	3,483.5	—	959.3	197.9	—	218.9
Nov.	3,834.2	—	2,760.7	—	711.8	143.6	—	218.1
Dec.	3,659.2	—	2,683.2	1.7	636.3	119.8	—	218.2
1961 Jan.	4,981.1	—	3,630.7	61.6	881.4	203.9	—	203.5
Feb.	4,689.7	—	3,480.2	10.3	830.0	172.4	—	196.8
March	6,409.3	—	5,026.3	8.2	872.8	279.5	—	222.5

\*) From July 1959 onwards including deposits maintained with the Land Central Bank in the Saarland.

<sup>1)</sup> Including amounts temporarily employed in equalisation claims. — <sup>2)</sup> Until 31 July 1957 "counterpart funds" only. — <sup>3)</sup> Since the entry into force, on 1 August 1957, of the Law concerning the Deutsche Bundesbank it has no longer been possible for public monies to be employed in equalisation claims. —

<sup>4)</sup> From May 1958 onwards including the minimum reserve balances kept by the Federal Postal Administration on behalf of the Postal Cheque and Postal Savings Bank offices. — <sup>5)</sup> From January 1959 onwards included in "foreign business". — <sup>6)</sup> Other foreign depositors, until December 1958 contained in this item, are now included in "foreign business". — <sup>7)</sup> Not including amounts employed in foreign money-market paper.

## IV. Bank Liquidity

### 1) Bank Liquidity and the Credit Institutions' Recourse to Central Bank Credit\*)

in millions of DM

Items	Change during year or quarter (calculated from the averages of the four weekly bank-return dates in the last month of the year or quarter)							
	1958	1959	1960	1960				1961
				1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	
The plus and minus signs indicate whether the changes in the items recorded in the text column had the effect of an influx (+) or an efflux (-) of funds at the banking system <sup>o)</sup>								
A. Influx or Efflux of Funds at the Credit Institutions as a result of Changes in the Following Items								
I. Note and coin circulation	- 1,482	- 937	- 1,684	+ 572	- 758	- 566	- 932	+ 474
II. Net position of German non-banks in relation to the Deutsche Bundesbank <sup>1)</sup> of which: (1) Federal Government (except Special Funds), Länder and Equalisation of Burdens Authorities (2) Others <sup>2)</sup>	- 2,081	- 2,877	- 4,823	- 2,137	- 973	- 762	- 951	- 2,814
III. Net foreign exchange purchases or sales by the Deutsche Bundesbank <sup>3)</sup>	(- 1,816)	(- 3,249)	(- 5,312)	(- 2,048)	(- 1,295)	(- 964)	(- 1,005)	(- 2,459)
IV. Other factors <sup>4)</sup>	(- 265)	(+ 372)	(+ 489)	(- 89)	(+ 322)	(+ 202)	(+ 54)	(- 355) <sup>5)</sup>
Overall effect of the above-named factors on bank liquidity	+ 5,503	+ 3,388	+ 10,748	+ 1,530	+ 3,572	+ 2,892	+ 2,754	+ 2,164
Overall effect of the above-named factors on bank liquidity	+ 423	+ 40	+ 298	+ 33	+ 79	+ 71	+ 115	+ 144
Overall effect of the above-named factors on bank liquidity	+ 2,363	- 386	+ 4,539	- 2	+ 1,920	+ 1,635	+ 986	- 32
B. Influx or Efflux of Funds at the Credit Institutions as a result of Open Market Operations of the Deutsche Bundesbank, Total	- 809	+ 1,437	- 1,335	+ 824	- 447	- 1,276	- 436	- 720
of which, by purchase or sale of								
(1) Federal money-market paper deriving from conversion of the Bundesbank's equalisation claims ("mobilisation" paper)	(- 581)	(+ 1,412)	(- 1,328)	(+ 686)	(- 382)	(- 1,184)	(- 448)	(- 785)
(2) Other paper	(- 228)	(+ 25)	(- 7)	(+ 138)	(- 65)	(- 92)	(+ 12)	(+ 65)
C. Change in the Credit Institutions' Balances with the Deutsche Bundesbank, Total <sup>5)</sup>	+ 927	+ 1,344	+ 4,001	+ 2,026	+ 1,175	+ 562	+ 238	- 957
D. Change in Central Bank Lendings to Credit Institutions (recourse to Central Bank credit)	- 627	+ 293	+ 797	+ 1,204	- 298	+ 203	- 312	- 205

\*) From the third quarter 1959 onwards including the Saarland; changes due to the reincorporation have been eliminated.

<sup>o)</sup> The changes in the items recorded in the text column under A and B are here taken into account only in so far as they entailed an influx or efflux of funds at the credit institutions. They are therefore not necessarily identical with the changes in the corresponding items of the Return of the Deutsche Bundesbank. Further explanations regarding these differences will be found in the Monthly Report of the Bank deutscher Länder for January 1957, pages 7 and 8. — <sup>1)</sup> Net balance of credit balances held and cash advances taken (not including Treasury bills and non-interest-bearing Treasury bonds purchased in pursuance of open-market policy, and also disregarding promises to purchase Treasury bills). — <sup>2)</sup> Including the minimum reserve balances kept by the Federal Postal Administration on behalf of the Postal Cheque and Postal Savings Bank offices because, since the introduction on 1 May 1958 of the optional central maintaining of minimum reserves, they can no longer be separated from the other Central Bank deposits of the Federal Postal Administration. — <sup>3)</sup> Including the Bundesbank's foreign exchange transactions with German banks in connection with "money exports". — <sup>4)</sup> Items in course of settlement; special credit granted to the Federal Government to meet its liabilities towards I.M.F. and I.B.R.D., as well as other items which cannot be allocated explicitly to any of the above factors. — <sup>5)</sup> Without the minimum reserve balances kept by the Federal Postal Administration on behalf of Postal Cheque and Postal Savings Bank offices; cf. footnote <sup>2)</sup>. — <sup>6)</sup> Including transactions in connection with the development aid loan.

### 2) Central Bank Lendings to Credit Institutions and Central Bank Deposits of Credit Institutions\*)

in millions of DM

End of month	Lendings <sup>1)</sup>				Deposits <sup>2)</sup>
	Total	Discount credits	Advances on securities	Equalisation claims purchased	
1949 Dec.	3,807.2	3,226.2	338.2	242.8	1,277.1
1950 "	5,201.9	4,235.4	360.6	605.9	1,887.7
1951 "	5,717.5	4,757.2	290.8	669.5	2,675.0
1952 "	4,128.4	3,389.0	253.5	485.9	2,992.6
1953 "	3,351.1	2,739.1	245.2	366.8	3,286.9
1954 "	3,339.0	2,837.7	265.1	236.2	4,005.9
1955 "	4,683.0	4,130.9	340.5	211.6	4,502.2
1956 "	3,127.1	2,723.7	220.7	182.7	5,258.5
1957 "	1,676.6	1,463.0	52.8	160.8	7,108.9
1958 "	960.3	769.6	63.9	126.8	8,243.1
1959 March	701.0	563.9	31.0	106.1	6,310.6
June	812.8	677.3	31.7	103.8	6,559.5
Sep.	1,352.4	1,223.9	25.7	102.8	6,459.2
Dec.	1,285.7	949.2	234.4	102.1	9,343.8
1960 March	2,110.4	1,988.0	31.2	91.2	9,428.1
June	1,776.9	1,639.5	47.8	89.6	10,865.9
Sep.	2,434.2	2,295.7	49.1	89.4	11,554.6
Dec.	1,804.1	1,296.5	419.0	88.6	13,036.4
1961 Jan.	2,023.7	1,918.8	26.0	78.9	11,936.2
Feb.	1,354.3	1,244.3	38.8	71.2	10,814.9
March	1,459.2	1,237.6	150.4	71.2	10,176.8

\*) From July 1959 onwards including Saarland credit institutions.

<sup>1)</sup> Excluding cash advances to the Reconstruction Loan Corporation; including foreign bills and export drafts purchased, but excluding money-market paper purchased in the open market. — <sup>2)</sup> Including Central Bank deposits of Postal Cheque and Postal Savings Bank offices. — <sup>3)</sup> From May 1958 onwards without the minimum reserve balances kept by the Federal Postal Administration on behalf of Postal Cheque and Postal Savings Bank offices.

### 3) Borrowing by Banking Groups from Deutsche Bundesbank

in millions of DM

Banking groups	1959			1960	
	30 June	31 Dec.	31 Dec. <sup>3)</sup>	30 June <sup>2)</sup>	31 Dec.
Commercial banks	842	937	952	1,113	1,206
of which:					
Big banks <sup>4)</sup>	( 338)	( 374)		( 314)	( 375)
State, regional and local banks	( 240)	( 254)		( 456)	( 450)
Private bankers	( 221)	( 259)		( 258)	( 298)
Specialised commercial banks	( 43)	( 50)		( 85)	( 83)
Savings institutions	126	60	73	206	80
of which:					
Savings banks	( 61)	( 57)	( 57)	( 25)	( 41)
Central giro institutions	( 65)	( 3)	( 16)	( 181)	( 39)
Credit cooperatives and their central institutions	77	129	129	214	142
of which:					
Industrial	( 30)	( 80)	( 80)	( 115)	( 60)
Agricultural	( 47)	( 49)	( 49)	( 99)	( 82)
All other credit institutions including:	60	292	293	407	327
Credit institutions with special functions	( 53)	( 284)	( 285)	( 399)	( 318)
All banking groups <sup>5)</sup>	1,105	1,418	1,447	1,940	1,755

<sup>1)</sup> Deutsche Bank AG, Dresdner Bank AG, Commerzbank AG, and their Berlin subsidiaries. — <sup>2)</sup> Deviations of these figures, which are reported for the monthly banking statistics, from the corresponding data resulting from the Central Bank statistics as shown in Table IV (2) are partly due to the time-lag between the booking of Central Bank credits at the credit institutions and at the Central Bank, and partly to the fact that the Storage Agency bills purchased by the Central Bank under its open-market policy are not comprised in the latter figures. — <sup>3)</sup> From January 1960 onwards including the Saarland. The rows of figures were linked together by showing for December 1959, firstly, the figures excluding the Saarland and, secondly, the figures including the Saarland — where possible and necessary also in the case of the individual banking groups.

## V. Interest Rates

1) Rates of the Deutsche Bundesbank applying to the Sale of Money Market Paper in the Open Market in % per annum

2) Rates for Prime Bankers' Acceptances (in % per annum)

Applicable from:	Treasury Bills of Federal Government and Federal Railways running for		Non-interest-bearing Treasury Bonds of Federal Government, Federal Railways and Federal Postal Administration running for				Storage Agency Bills running for	
	30 to 59 days	60 to 90 days	6 months	12 months	18 months	24 months	30 to 59 days	60 to 90 days
	1958 Jan. 2	3 3/8	3 1/2	3 3/4	4	4 1/4	4 1/2	3 1/2
Jan. 6	3 1/4	3 3/8	3 3/8	3 7/8	4 1/8	4 3/8	3 3/8	3 1/2
Jan. 17	3 1/8	3 1/4	3 1/2	3 3/4	4 1/8	4 3/8	3 1/4	3 3/8
Apr. 15	3 1/8	3 1/4	3 1/2	3 5/8	3 7/8	4 1/8	3 1/4	3 3/8
May 30	3 1/8	3 1/4	3 1/2	3 3/8	3 3/4	4	3 1/4	3 3/8
June 27	2 5/8	2 3/4	3	3 1/8	3 3/4	3 1/2	2 3/4	2 3/8
July 11	2 1/2	2 3/8	2 7/8	3	3 1/8	3 3/8	2 5/8	2 3/4
Aug. 11	2 3/8	2 1/2	2 3/4	3	3 1/8	3 3/8	2 1/2	2 5/8
Oct. 28	2 1/4	2 3/8	2 5/8	2 7/8	3	3 1/4	2 3/8	2 1/2
1959 Jan. 10	2 1/8	2 1/4	2 1/2	2 5/8	2 7/8	3 1/8	2 1/4	2 3/8
Apr. 9	2	2 1/8	2 3/8	2 1/2	2 3/4	3	2 1/8	2 1/4
Apr. 15	1 7/8	2	2 1/4	2 3/8	2 5/8	2 7/8	2	2 1/8
Sep. 4	2 3/8	2 1/2	2 3/4	3	3 1/4	3 1/2	2 1/2	2 5/8
Sep. 23	2 1/2	2 3/8	2 7/8	3	3 1/4	3 1/2	2 3/8	2 3/4
Sep. 30	2 3/8	2 3/4	3	3 1/8	3 3/8	3 5/8	2 3/4	2 7/8
Oct. 16	2 1/2	2 5/8	2 7/8	3 1/8	3 3/8	3 3/4	2 3/8	2 3/4
Oct. 23	3 1/2	3 5/8	3 7/8	4 1/8	4 1/4	4 1/2	3 5/8	3 3/4
Oct. 28	3 1/2	3 5/8	3 7/8	4 1/8	4 1/4	4 3/8	3 5/8	3 3/4
Dec. 21	3 5/8	3 3/4	4	4 1/4	4 3/8	4 1/2	3 3/4	3 7/8
1960 Feb. 29	3 3/4	3 7/8	4 1/8	4 3/8	4 1/2	4 5/8	3 7/8	4
Mar. 3	3 7/8	4	4 1/4	4 1/2	4 3/8	4 3/4	4	4 1/8
June 3	4 3/4	4 7/8	5 1/8	5 1/4	5 1/8	5 1/2	4 7/8	5
Nov. 2	4 5/8	4 3/4	5	5 1/8	5 1/4	5 3/8	4 3/4	4 7/8
Nov. 3	4 3/8	4 1/2	4 3/4	4 7/8	5	5 1/8	4 1/2	4 5/8
Nov. 11	3 7/8	4	4 1/4	4 3/8	4 1/2	4 5/8	4	4 1/8
Dec. 20	3 5/8	3 3/4	4	4 1/8	4 1/4	4 3/8	3 3/4	3 7/8
1961 Jan. 20	3 1/8	3 1/4	3 1/2	3 5/8	3 3/4	3 7/8	3 1/4	3 3/8
Feb. 9	3	3 1/8	3 3/8	3 1/2	3 3/8	3 3/4	3 1/8	3 1/4
Feb. 14	2 7/8	3	3 1/4	3 3/8	3 1/2	3 3/8	3	3 1/8
Mar. 3	2 3/4	2 7/8	3 1/8	3 1/4	3 3/8	3 1/2	2 7/8	3
Mar. 8	2 5/8	2 3/4	3	3 1/8	3 1/4	3 3/8	2 3/4	2 7/8
Mar. 17	2 1/2	2 5/8	2 7/8	3	3 1/8	3 1/4	2 5/8	2 3/4
Mar. 23	2 3/8	2 1/2	2 3/4	2 7/8	3	3 1/8	2 1/2	2 3/8
Apr. 26	2 1/4	2 3/8	2 5/8	2 3/4	2 7/8	3	2 3/8	2 1/2
May 5	2 1/8	2 1/4	2 1/2	2 5/8	2 3/4	2 7/8	2 1/4	2 3/8

Applicable from:	Prime bankers' acceptances with remaining life of	
	30 to 59 days (short sight) mean rate	60 to 90 days (long sight) mean rate
1960 Jan. 4	3 3/4	3 13/16
Jan. 11	3 7/8	3 15/16
Jan. 28	3 3/4	3 13/16
Feb. 1	3 7/8	3 15/16
Feb. 10	3 13/16	3 7/8
Feb. 15	3 3/4	3 13/16
Feb. 22	3 7/8	3 15/16
March 8	3 15/16	3 15/16
March 29	3 7/8	3 15/16
April 7	3 15/16	3 15/16
April 19	3 7/8	3 15/16
April 22	3 3/4	3 15/16
April 28	3 7/8	3 15/16
June 1	3 15/16	3 15/16
June 3	4 15/16	4 13/16
June 23	4 7/8	4 15/16
July 2	4 15/16	4 15/16
July 25	4 15/16	4 7/8
Aug. 25	4 3/4	4 13/16
Sep. 1	4 15/16	4 7/8
Sep. 6	4 7/8	4 15/16
Sep. 15	4 15/16	4 15/16
Nov. 4	4 15/16	4 15/16
Nov. 11	3 15/16	3 15/16
Dec. 21	3 13/16	3 7/8
1961 Jan. 16	3 15/16	3 15/16
Jan. 20	3 7/16	3 7/16
Feb. 9	3 5/16	3 5/16
Feb. 14	3 3/16	3 3/16
Feb. 23	3 5/16	3 5/16
Feb. 24	3 7/16	3 7/16
March 3	3 5/16	3 5/16
March 9	3 3/16	3 3/16
March 10	3 1/16	3 1/16
March 17	2 15/16	2 15/16
March 23	2 15/16	2 15/16
April 26	2 11/16	2 11/16
May 5	2 5/8	2 5/8

3) Money Market Rates<sup>1)</sup> in Frankfurt (Main), by Months in % per annum

4) Rates for Day-to-Day Money<sup>1)</sup> in Frankfurt (Main), by Bank Return Weeks (in % per annum)

Month	Day-to-day money <sup>2)</sup>	One-month loans <sup>2)</sup>	Three-month loans <sup>2)</sup>	Note: Central Bank Discount Rate
1959 April	1 3/4 - 2 7/8	2 1/4 - 2 3/4	2 1/2 - 2 7/8	2 3/4
May	2 1/4 - 2 7/8	2 5/8 - 2 3/4	2 3/4 - 2 7/8	2 3/4
June	2 - 3	2 1/2 - 2 3/4	2 3/4 - 3	2 3/4
July	1 3/4 - 2 3/4	2 1/8 - 2 5/8	2 1/2 - 2 7/8	2 3/4
Aug.	2 1/8 - 2 3/4	2 3/8 - 2 5/8	2 5/8 - 2 3/4	2 3/4
Sep.	2 3/8 - 3 1/8	2 5/8 - 3	2 7/8 - 3 1/4	2 3/4 <sup>3)</sup>
Oct.	1 1/2 - 3 1/4	2 3/4 - 3 1/4	3 1/2 - 4	3 4)
Nov.	3 3/4 - 4 1/8	3 5/8 - 4 1/8	4 1/2 - 4 3/4	4
Dec.	3 - 4 1/8 <sup>5)</sup>	4 3/4 - 4 7/8	4 5/8 - 4 7/8	4
1960 Jan.	3 1/4 - 4 1/8	3 7/8 - 4 1/4	4 1/4 - 4 3/8	4
Feb.	3 1/2 - 4 1/4	4 1/8 - 4 1/4	4 3/8 - 4 1/2	4
March	3 1/2 - 4 5/8	4 3/8 - 4 3/4	4 5/8 - 4 7/8	4
April	3 1/2 - 4 3/8	4 1/4 - 4 1/2	4 1/2 - 4 3/4	4
May	3 1/2 - 4 1/4	4 1/4 - 4 3/8	4 1/2 - 4 3/4	4
June	4 1/4 - 5 1/4	4 3/8 - 5 1/2	4 7/8 - 5 5/8	4 6)
July	4 - 5 3/8	5 1/8 - 5 5/8	5 1/4 - 5 3/4	5
Aug.	4 3/8 - 5 1/8	5 1/4 - 5 3/8	5 3/8 - 5 1/2	5
Sep.	4 7/8 - 5 5/8	5 3/8 - 5 5/8	5 1/2 - 5 3/4	5
Oct.	4 3/4 - 5 7/8	5 1/4 - 5 1/2	5 7/8 - 6 1/4	5 7)
Nov.	4 - 5 3/8	4 3/8 - 5 3/8	5 1/4 - 6	5
Dec.	3 1/2 - 5 1/8 <sup>8)</sup>	5 1/4 - 5 3/4	5 - 5 1/8	4
1961 Jan.	3 - 4 3/4	4 1/8 - 4 1/2	4 1/2 - 4 7/8	4 9)
Feb.	2 5/8 - 4 1/8	3 3/4 - 4 1/8	3 7/8 - 4 1/8	3 1/2
March	2 1/2 - 4 1/4	3 1/4 - 4	3 3/8 - 4	3 1/2
April	2 3/8 - 3 1/2	3 - 3 1/4	3 1/4 - 3 3/8	3 1/2

Week	Lowest rate	Highest rate
1960 Oct. 1 - 7	5	5 3/8
8 - 15	5 3/8	5 5/8
16 - 23	5 5/8	5 7/8
24 - 31	4 3/4	5 3/4
Nov. 1 - 7	5 1/8	5 3/4
8 - 15	4 1/4	5 1/4
16 - 23	4 3/8	5
24 - 30	4	5 1/8
Dec. 1 - 7	4 3/4	5 1/8
8 - 15	4 1/2	4 7/8
16 - 23	3 3/4	4 1/4
24 - 31	3 1/2	4
1961 Jan. 1 - 7	3 7/8	4 1/4
8 - 15	4 1/4	4 5/4
16 - 23	4	4 3/4
24 - 31	3	4 1/4
Feb. 1 - 7	3 7/8	4 1/4
8 - 15	2 3/4	3 3/4
16 - 23	2 5/8	3 1/2
24 - 28	3 1/2	3 7/8
Mar. 1 - 7	3 3/4	4 1/4
8 - 15	2 7/8	3 7/8
16 - 23	2 5/8	3
24 - 31	2 1/2	3
Apr. 1 - 7	3 1/4	3 1/2
8 - 15	3 1/8	3 1/4
16 - 23	2 3/4	3 1/8
24 - 30	2 3/8	3

1) Money-market rates are not fixed or quoted officially. The rates here published have been ascertained from Frankfurt banks. They may be considered to be representative. — 2) Lowest and highest rate quoted during month. — 3) From 4 September 1959 = 3%. — 4) From 23 October 1959 = 4%. — 5) Money at the end of the month 5 to 5 1/8%. — 6) From 3 June 1960 = 5%. — 7) From 11 November 1960 = 4%. — 8) Money at the end of the month 5 1/2 to 5 3/4%. — 9) From 20 January 1961 = 3 1/2%.

1) Rates for day-to-day loans are not fixed or quoted officially. The rates here published have been ascertained from Frankfurt banks. They may be considered to be representative.

## 5) Debtor and Creditor Interest Rates since the Currency Reform

### a) Maximum Debtor Interest Rates \*)

in % per annum

Applicable from:	Central Bank discount rate	Central Bank rate for advances on securities	Charges for credits in current account		Charges for acceptance credits	Charges for discount credits <sup>2)</sup> , items amounting to			
			Approved credits <sup>1)</sup>	Overdrafts		DM 20,000 or above	DM 5,000 to under DM 20,000	DM 1,000 to under DM 5,000	under DM 1,000
1948 July 1	5	6	9	10 1/2	8	6 1/2	7	7 1/2	8
Sep. 1			9 1/2	11	8 1/2 - 9 1/2	7	7 1/2	8	8 1/2
Dec. 15			9	10 1/2	8 - 9	6 1/2	7	7 1/2	8
1949 May 27	4 1/2	5 1/2	8 1/2	10	7 1/2 - 8 1/2 <sup>3)</sup>	6	6 1/2	7	7 1/2 <sup>4)</sup>
July 14	4	5	10 1/2	12	9 1/2	8	8 1/2	9	9
1950 Oct. 27	6	7	9 1/2	11	8 1/2	7	7 1/2	8	8
1952 May 29	5	6	9	10 1/2	8	6 1/2	7	7 1/2	7 1/2
Aug. 21	4 1/2	5 1/2	8 1/2	10	7 1/2	6	6 1/2	7	7
1953 Jan. 8	4	5	8 1/2	10	7 1/2	6 1/2	7	7 1/2	7 1/2
June 11	3 1/2	4 1/2	8	9 1/2	7	6	6 1/2	7	7
1954 May 20	3	4	8	9 1/2	6 1/2	5 1/2	6	6 1/2	6 1/2
July 1			7 3/4	9 1/4	5	5 1/2	6	6	6
1955 Aug. 4	3 1/2	4 1/2	8	9 1/2	7	5 1/2	6	6 1/2	6 1/2
1956 Mar. 8	4 1/2	5 1/2	9	10 1/2	8	6 1/2	7	7 1/2	7 1/2
May 19	5 1/2	6 1/2	10	11 1/2	9	7 1/2	8	8 1/2	8 1/2
Sep. 6	5	6	9 1/2	11	8 1/2	7	7 1/2	8	8
1957 Jan. 11	4 1/2	5 1/2	9	10 1/2	8 1/2	6 1/2	7	7 1/2	7 1/2
Sep. 19	4	5	8 1/2	10	7 1/2	6	6 1/2	7	7
1958 Jan. 17	3 1/2	4 1/2	7 3/4	9 1/4	7	5 1/2	6	6 1/2	6 1/2
June 27	3	4	7 3/4	9 1/4	6 1/2	5	6	6	6
July 21			7 1/2	9					
1959 Jan. 10	2 3/4	3 3/4	7 1/4	8 3/4	6 1/4	4 3/4	5 1/4	5 3/4	5 3/4
Sep. 4	3	4	7 1/2	9	6 1/2	5	5 1/2	6	6
Oct. 23	4	5	8 1/2	10	7 1/2	6	6 1/2	7	7
1960 June 3	5	6	9 1/2	11	8 1/2	7	7 1/2	8	8
Nov. 11	4	5	8 1/2	10	7 1/2	6	6 1/2	7	7
1961 Jan. 20	3 1/2	4 1/2	8	9 1/2	7	5 1/2	6	6 1/2	6 1/2
May 5	3	4	7 1/2	9	6 1/2	5	5 1/2	6	6

\*) Official rates for credits to non-banks, which may only be exceeded in exceptional cases. The interest rates here quoted were compiled on the basis of announcements by the Hessian Bank Supervisory Authority; in most of the other Federal Länder equal rates apply. They are to be understood as including credit, acceptance, or discount commissions, but excluding turnover commission. — 1) Apart from cases where lower rates are allowed, the total interest rate computed corresponds to the actual charges for credit only if the approved credit is fully taken. If it is availed of only partially the charges for the approved credit are below the rate quoted, whereas the charges for the credit taken may exceed this rate. According to Art. 2 of the Debtor Interest Agreement, interest may in fact only be charged for credits actually taken. Credit commission may however be computed in advance from credits firmly approved or, in the case of tacitly granted credit, from the highest debit balance. — 2) Not including domicile commission. — 3) From 1 Sep. 1949 to 26 Oct. 1950 = 7 1/2%. — 4) From 1 Sep. 1949 to 26 Oct. 1950 = 7%.

### b) Maximum Creditor Interest Rates \*)

in % per annum

Applicable from:	Monies payable on demand		Savings deposits		Monies at notice <sup>1)</sup> of				Monies placed for fixed periods <sup>1)</sup> of				Postal savings deposits	
	on accounts free of commission	on accounts subject to commission	with legal period of notice	with agreed period of notice of	1 to less than 3 months	3 to less than 6 months	6 to less than 12 months <sup>2)</sup>	12 months and over <sup>2)</sup>	30 to 89 days	90 to 179 days	180 to 359 days	360 days and over		
1948 Sep. 1	1	2	2 1/2	3	4	2 1/4	2 3/4	3	3 3/4	2 1/4	2 3/4	3	3 3/4	2 3/4
1949 Sep. 1	1	1 1/2	2 1/2	3	4	2 1/4	2 1/2	2 7/8	3 3/4	2 1/4	2 1/2	2 3/4	3 1/2	2 1/4
1950 July 1	1	1 1/2	2 1/2	3	4	2 1/4	2 1/2	2 7/8	3 3/4	2 1/4	2 1/2	2 3/4	3 1/2	2 1/4
Dec. 1	1	1 1/2	3	3 1/2	4 1/2	3 1/2	3 7/8	4 3/8	4 3/4	3 1/2	3 7/8	4 1/4	4 5/8	2 1/4
1952 Sep. 1	1	1 1/2	3	3 3/8	4 1/2	3	3 3/8	3 7/8	4 1/4	3 1/2	3 7/8	4 1/4	4 5/8	2 1/4
1953 Feb. 1	1	1 1/2	3	3 3/8	4 1/4	2 1/2	2 7/8	3 3/8	3 3/4	2 1/2	2 7/8	3 3/4	4 1/8	2 3/4
July 1	1 1/4	1 1/4	3	3 3/8	4 1/4	2 1/4	2 5/8	3 1/8	3 1/2	2 1/4	2 5/8	3 1/4	3 5/8	2 3/4
1954 July 1	1 1/2	1	3	3 3/4	4	2	2 3/8	3 1/8	3 1/2	2 1/4	2 3/8	3	3 3/8	2 3/4
1955 Aug. 4	3/4	1 1/4	3	3 1/2	4	2	2 3/8	2 7/8	3 1/4	2	2 3/8	3 1/4	3 1/8	2 3/4
1956 Mar. 16	1	1 1/2	3	4	5	3 3/8	3 3/4	3 1/4	3 3/4	2 3/8	2 3/4	3 1/8	3 5/8	2 3/4
May 19	1 1/2	2	3 1/2	4 1/2	5 1/2	4 1/4	4 3/8	4 1/4	4 5/8	3 3/8	3 3/4	4 1/4	4 5/8	2 3/4
Oct. 1	1 1/4	1 3/4	3 1/2	4 1/2	5 1/2	4 1/4	4 3/8	5 1/4	5 1/2	4 1/4	4 3/4	5 1/4	5 1/8	2 3/4
1957 Feb. 1	1	1 1/2	3 1/2	4 1/2	5 1/2	3 3/4	4 1/4	5 1/4	5 1/2	4 1/4	4 3/4	5 1/4	5 1/8	2 3/4
Oct. 17	3/4	1 1/4	3 1/2	4 1/2	5 1/4	3 3/4	4 1/4	5 1/4	5 1/4	3 3/4	4 1/4	5 1/4	5 1/8	3 1/4
1958 Feb. 10	1 1/2	1	3 1/4	4 1/4	5 1/4	3 3/8	3 3/4	4 1/4	4 1/4	3 3/8	3 3/4	4 1/4	5 1/4	3 1/4
July 21	1 1/2	1	3	3 1/4	4 1/4	2 7/8	3	3 3/4	4 1/2	2 7/8	3	3 3/4	4 1/4	3 1/4
Nov. 20	1 1/2	1	3	3 1/4	4 1/4	2 3/8	2 3/4	3	3 1/2	2 3/8	3	3 1/4	4 1/4	3
1959 Feb. 1	3/8	3/4	3	3 1/4	4 1/4	2	2 1/2	2 3/4	3 1/2	2	2 1/2	2 3/4	3 1/4	3
Nov. 20	1 1/2	1	3	3 1/4	4	1 1/2	2	2 1/2	3 1/4	1 1/2	2	2 1/2	3 1/4	3
1960 Jan. 1	1 1/2	1	3	3 1/4	4	2 1/4	2 3/4	3 1/4	4	2 1/4	2 3/4	3 1/2	4	3
July 1	1	1 1/2	4	4 1/2	5 1/4	2 1/4	2 3/4	3 1/4	4	2 1/4	2 3/4	3 1/4	4	3
Dec. 15	1 1/2	1	4	4 1/2	5 1/4	3	3 1/2	4	4 3/4	3	3 1/2	4	4 3/4	4
1961 Jan. 1	1 1/2	1	4	4 1/4	4 3/4	2 1/2	3	3 1/2	4 1/4	2 1/2	3	3 1/2	4 1/4	4
Feb. 15	1 1/2	1	4	4 1/4	4 3/4	2 1/4	2 3/4	3 1/4	4	2 1/4	2 3/4	3 1/4	4	4
Apr. 1	1 1/2	1	3 1/2	4	4 1/2	2 1/4	2 3/4	3 1/4	4	2 1/4	2 3/4	3 1/4	4	4

\*) Official rates for deposits of non-banks, which may only be exceeded in exceptional cases. The rates here quoted were compiled on the basis of announcements by the Hessian Bank Supervisory Authority; in most of the other Federal Länder equal rates apply. — 1) For larger amounts deposited (DM 50,000.— or more and DM 1 million or more, respectively) higher rates of interest were paid between 1 September 1949 and 19 November 1958. — 2) In so far as monies at notice of 6 months and over carry higher payment, in the case of monies at notice of 6 to less than 12 months for at least three months, and in the case of monies at notice of 12 months and over for at least six months, in each case from the date of the agreement. Otherwise only the rates for monies placed for fixed periods may be granted. — 3) From 1 July 1949 = 2 1/4%. — 4) From 1 Jan. 1951 = 2 3/4%. — 5) From 1 July 1956 = 3 1/4%. — 6) From 1 May 1957 = 3 1/2%. — 7) From 20 November 1958 onwards, when accepting savings deposits with agreed period of notice, notice will only be permissible after expiry of a period of six months, such period to commence on the day of deposit.



## VI. Placing of Securities

### 1) Gross Placing<sup>1)</sup> of Fixed-interest-bearing Securities and Shares

Nominal value in millions of DM

Period	Fixed-interest-bearing securities									Shares <sup>2)</sup>	Fixed-interest-bearing securities and shares total	
	Bonds of German issuers						Loans of foreign issuers	Total	including: Medium-term notes			
	Mortgage bonds (including ship mortgage bonds)	Communal bonds	Bonds of specialised credit institutions	Industrial bonds (including convertible bonds)	Loans of public authorities	Other bonds						
<b>during year</b>												
1948 2nd half	6.3	2.3	—	10.0	—	—	—	18.6	—	—	0.5	19.1
1949	201.1	33.0	19.9	95.7	420.4	—	—	770.1	—	—	41.3	811.4
1950	210.7	99.2	96.2	53.2	217.1	0.1	—	676.5	—	—	51.2	727.7
1951	468.0	158.9	1.9	61.7	56.9	—	—	747.4	—	—	164.7	912.1
1952	628.1	161.3	219.8	130.3	418.2	—	—	1,557.7	—	—	259.3	1,817.0
1953	1,043.4	429.4	224.6	396.2	774.5	33.8	—	2,901.9 <sup>3)</sup>	—	—	268.7	3,170.6
1954	2,238.8	1,001.4	64.9	791.5	590.2	4.2	—	4,691.0 <sup>3)</sup>	—	—	453.0	5,144.0
1955	1,381.7	1,026.1	257.7	432.0	583.2	0.0	—	3,680.7 <sup>3)</sup>	—	—	1,554.8	5,235.5
1956	1,038.2	616.1	14.2	563.7	332.0	0.0	—	2,564.2 <sup>3)</sup>	—	—	1,837.5	4,401.7
1957	1,161.1	1,125.2	265.2	931.1	690.9	10.0	21.0	4,204.5	—	—	1,631.7	5,836.2
1958	1,618.8	2,337.6	422.1	1,651.9	2,002.7	2.0	92.0	8,127.1	102.0	—	1,139.5	9,266.6
1959	3,050.0	2,363.7	830.1	918.7	2,540.2	0.8	344.6	10,048.1	1,295.2	—	1,383.0	11,431.1
1960	2,343.4	1,119.9	501.1	27.5	1,332.6	3.0	44.8	5,372.3	568.5	—	1,904.5	7,276.8
<b>during month</b>												
1960 Jan.	229.7	95.7	92.6	23.7	514.9	—	32.8	989.4	15.0	—	242.7	1,232.1
Feb.	203.8	108.0	35.8	—	53.4	—	12.0	413.0	31.0	—	101.6	514.6
March	192.0	55.1	129.2	3.8	4.0	—	—	384.1	124.7	—	301.1	685.2
April	187.7	91.0	33.4	—	28.5	—	—	340.6	54.3	—	235.7	576.3
May	156.2	55.9	57.2	—	3.1	—	—	272.4	55.3	—	144.6	417.0
June	108.7	47.2	18.8	—	1.7	—	—	176.4	13.5	—	180.6	357.0
July	313.5	142.2	28.5	—	3.9	3.0	—	491.1	6.9	—	180.4	671.5
Aug.	260.2	168.9	9.2	—	16.6	—	—	454.9	17.2	—	88.1	543.0
Sep.	144.5	94.7	26.2	—	321.3	—	—	586.7	11.8	—	138.7	725.4
Oct.	225.2	129.6	1.3	—	100.7	—	—	456.8	100.7	—	64.6	521.4
Nov.	111.0	44.0	63.9	—	195.1	—	—	414.0	50.1	—	46.9	460.9
Dec.	210.9	87.6	5.0	—	89.4	—	—	392.9	88.0	—	179.5	572.4
1961 Jan.	346.4	197.4	175.9	40.0	820.8 <sup>4)</sup>	—	—	1,580.5 <sup>4)</sup>	20.3	—	260.9	1,841.4
Feb.	245.7	276.1	59.2	0.9	283.0 <sup>4)</sup>	—	—	864.9 <sup>4)</sup>	6.0	—	67.6	932.5
March	286.5	263.7	69.3	78.7	230.0 <sup>4)</sup>	—	—	928.2 <sup>4)</sup>	0.2	—	358.9	1,287.1

<sup>1)</sup> Only initial placing of newly issued securities, no account being taken of amounts redeemed or repurchased. — Except conversion and "old" savers' securities. — From 1954 onwards including Berlin (West), from 1959 including the Saarland. The amounts issued (since 1948) until then in the aforementioned territories have been included in the annual figures for 1954 and 1959, respectively. — <sup>2)</sup> Share issues under the Law on Capital Increase out of Company Reserves . . . dated 23 December 1959 ("bonus shares") are not included in the figures. — <sup>3)</sup> Including placing with Investment Assistance creditors: 1953, DM 199.8 million; 1954, DM 388.8 million; 1955, DM 587.9 million; 1956, DM 1.2 million. — <sup>4)</sup> Including 5% Loan of the Federal Republic of Germany (Development Aid) in the following amounts: DM 794.9 million in January 1961; DM 33.0 million in February 1961; DM 30.0 million in March 1961.

### 2) Redemption and Net Placing of Fixed-interest-bearing Securities<sup>1)</sup>, and Change in the Total of Issues Repurchased

Nominal value in millions of DM

Period	Post-Currency-Reform issues									Pre-Currency-Reform issues <sup>2)</sup>	Fixed-interest-bearing securities total	
	Bonds of German issuers						Loans of foreign issuers	Total	including: Medium-term notes			Conversion and "old" savers' securities
	Mortgage bonds (including ship mortgage bonds)	Communal bonds	Bonds of specialised credit institutions	Industrial bonds (including convertible bonds)	Loans of public authorities	Other bonds						
<b>Redemption</b>												
1951	0.2	0.0	—	—	—	—	—	0.2	—	—	—	—
1952	0.5	0.1	—	0.8	7.4	—	—	8.8	—	—	—	—
1953	0.3	0.8	—	—	36.2	—	—	37.3	—	—	—	—
1954	0.7	1.2	30.0	3.0	46.5	0.5	—	81.9	—	—	—	—
1955	2.0	5.6	0.1	34.5	32.0	0.4	—	74.6	—	—	—	—
1956	11.5	20.4	53.3	31.1	299.2	0.4	—	415.9	—	—	—	—
1957	21.8	32.1	53.3	53.2	586.4	0.3	—	747.1	—	—	136.2	883.3
1958	60.3	100.4	93.6	102.0	259.8	0.4	—	616.5	—	—	80.1	696.6
1959	231.5	223.2	109.4	305.8	603.2	3.8	—	1,476.9	—	—	106.2	1,583.1
1960	116.0	176.5	136.0	403.9	150.4	3.6	—	986.4	—	—	94.4	1,080.8
<b>Net placing<sup>3)</sup></b>												
1948 2nd half	6.3	2.3	—	10.0	—	—	—	18.6	—	—	—	—
1949	201.1	33.0	19.9	95.7	420.4	—	—	770.1	—	—	—	—
1950	210.7	99.2	96.2	53.2	217.1	0.1	—	676.5	—	—	—	—
1951	467.8	158.9	1.9	61.7	56.9	—	—	747.2	—	—	—	—
1952	627.6	161.2	219.8	129.5	410.8	—	—	1,548.9	—	—	—	—
1953	1,043.1	428.6	224.6	396.2	738.3	33.8	—	2,864.6	—	—	—	—
1954	2,238.1	1,000.2	34.9	788.5	543.7	3.7	—	4,609.1	—	—	—	—
1955	1,379.7	1,020.5	257.6	397.5	551.2	0.4	—	3,606.1	—	—	—	—
1956	1,026.7	595.7	39.1	532.6	32.8	0.4	—	2,148.3	—	—	—	—
1957	1,139.3	1,093.1	211.9	877.9	104.5	9.7	21.0	3,457.4	—	—	46.6	3,410.8
1958	1,558.5	2,237.2	328.5	1,549.9	1,742.9	1.6	92.0	7,510.6	102.0	—	408.3	7,918.9
1959	2,818.5	2,140.5	720.7	612.9	1,937.0	—	344.6	8,571.2	1,295.2	—	291.1	8,862.3
1960	2,227.4	943.4	365.1	376.4	1,182.2	0.6	44.8	4,385.9	568.5	—	100.5	4,486.4
<b>Change in the total amount of issues repurchased</b>												
increase (+) / decrease (—)												
1951	—	—	—	—	—	—	—	—	—	—	—	—
1952	+ 8.9	+ 1.5	+ 7.6	+ 1.5	—	—	—	+ 19.5	—	—	—	—
1953	+ 12.8	+ 0.2	+ 8.8	+ 1.6	—	—	—	+ 2.2	—	—	—	—
1954	+ 4.5	+ 8.5	+ 4.4	+ 3.4	—	—	—	+ 3.0	—	—	—	—
1955	+ 29.2	+ 11.7	+ 12.1	+ 1.3	+ 28.4	—	—	+ 82.7	—	—	—	—
1956	+ 44.0	+ 27.5	+ 4.6	+ 13.1	+ 314.9	—	—	+ 404.1	—	—	—	—
1957	+ 18.6	+ 10.3	+ 3.7	+ 3.1	+ 97.1	—	—	+ 132.8	—	—	—	—
1958	+ 1.9	+ 8.3	+ 12.0	+ 11.1	+ 95.2	—	—	+ 111.9	—	—	+ 37.7	+ 149.6
1959	+ 35.7	+ 18.7	+ 21.9	+ 1.9	+ 9.0	+ 0.1	—	+ 83.5	—	—	+ 14.0	+ 69.5
1960	+ 30.4	+ 34.4	+ 0.2	+ 9.3	+ 10.5	+ 0.1	—	+ 63.3	—	—	+ 3.4	+ 66.7

<sup>1)</sup> From 1954 onwards including Berlin (West), from 1959 including the Saarland. The amounts issued (since 1948) until then in the aforementioned territories have been included in the annual figures for 1954 and 1959, respectively. — <sup>2)</sup> Statistically ascertained from January 1957 only. — <sup>3)</sup> Gross placing less redemption; the minus sign indicates an excess of redemption over the amount newly placed during the period under report (or, in the case of pre-Currency-Reform issues, the amount recognised under the Securities Validation Law or other indemnification laws).

3) Placing of Securities<sup>1)</sup>: Nominal Values, Issue Values and Average Issue Prices<sup>2)</sup>

Period	Fixed-interest Securities															Shares		
	Total			including:														
				Bonds of German issuers									Bonds of foreign issuers					
	Mortgage bonds <sup>3)</sup> and communal bonds			Industrial bonds			Loans of public authorities											
Nominal value	Issue value	Average issue price	Nominal value	Issue value	Average issue price	Nominal value	Issue value	Average issue price	Nominal value	Issue value	Average issue price	Nominal value	Issue value	Average issue price	Nominal value	Issue value	Average issue price	
DM million		p. c.	DM million		p. c.	DM million		p. c.	DM million		p. c.	DM million		p. c.	DM million		p. c.	
1955	3,680.7	3,605.4	98.0	2,407.8	2,356.2	97.9	432.0	427.3	98.9	583.2	570.3	97.8	—	—	—	1,554.8	1,714.6	110.3
1956	2,564.2	2,510.1	97.7	1,654.3	1,618.7	97.9	563.7	533.0	98.1	332.0	324.5	97.7	—	—	—	1,837.5	1,950.0	106.1
1957	4,204.5	4,058.9	96.5	2,286.3	2,186.5	95.6	931.1	909.7	97.7	690.9	675.9	97.8	21.0	21.0	100.0	1,631.7	1,676.2	102.7
1958	8,127.1	7,996.3	98.4	3,956.4	3,880.6	98.1	1,651.9	1,632.1	98.8	2,002.7	1,974.1	98.6	92.0	90.3	98.2	1,139.5	1,214.5	106.6
1959	10,048.1	9,903.7	98.6	5,413.7	5,349.6	98.8	918.7	901.6	98.1	2,540.2	2,495.9	98.3	344.6	342.9	99.5	1,383.0	1,851.2	133.9
1960	5,372.3	5,195.4	96.7	3,463.3	3,332.8	96.2	27.5	26.7	96.9	1,332.6	1,301.7	97.6	44.8	43.5	96.8	1,904.5	2,792.4	146.6
1960 Jan.	989.4	966.6	97.7	325.4	317.3	97.5	23.7	22.9	96.4	514.9	504.5	98.0	32.8	31.9	97.1	242.7	396.4	163.3
Feb.	413.0	399.2	96.7	311.8	300.6	96.4	—	—	—	53.4	51.9	97.1	12.0	11.6	96.0	101.6	221.9	218.4
March	384.1	370.1	96.4	247.1	238.3	96.4	3.8	3.8	100.0	4.0	3.9	97.1	—	—	—	301.1	441.8	146.7
April	340.6	329.7	96.8	278.7	269.1	96.5	—	—	—	28.5	27.7	97.3	—	—	—	235.7	299.0	126.9
May	272.4	263.3	96.7	212.1	203.6	96.0	—	—	—	3.1	3.0	95.8	—	—	—	144.6	235.8	163.1
June	176.4	167.1	94.8	155.9	147.5	94.7	—	—	—	1.7	1.6	95.8	—	—	—	180.6	195.5	108.3
July	491.1	469.2	95.5	455.7	435.0	95.4	—	—	—	5.9	3.8	97.3	—	—	—	180.4	290.8	161.2
Aug.	454.9	436.4	95.9	429.1	411.6	95.9	—	—	—	16.6	16.0	96.5	—	—	—	88.1	139.0	157.7
Sep.	586.7	566.2	96.5	239.2	229.0	95.8	—	—	—	321.3	311.7	97.0	—	—	—	138.7	205.5	148.1
Oct.	456.8	438.6	96.0	354.8	339.0	95.6	—	—	—	100.7	98.4	97.7	—	—	—	64.6	83.1	128.5
Nov.	414.0	405.4	97.9	155.0	150.8	97.3	—	—	—	195.1	191.5	98.1	—	—	—	46.9	84.9	181.0
Dec.	392.9	383.6	97.7	298.5	291.0	97.5	—	—	—	89.4	87.7	98.2	—	—	—	179.5	198.7	110.7
1961 Jan.	1,580.5	1,560.7	98.8	543.8	528.0	97.1	40.0	39.2	98.0	820.8	820.3	99.9	—	—	—	260.9	345.8	132.5
Feb.	864.9	850.3	98.3	521.8	510.1	97.8	0.9	0.9	100.0	283.0	280.5	99.1	—	—	—	67.6	106.0	157.0
March	928.2	908.5	97.9	550.2	540.4	98.2	78.7	76.5	97.1	230.0	223.2	97.1	—	—	—	358.9	611.3	170.3

<sup>1)</sup> From 1959 onwards including Saarland figures. The annual figures for 1959 comprise the amounts issued from 1948 to 1959 by Saarland issuers. — <sup>2)</sup> Weighted average prices, computed from original figures which are reported in thousands of DM. — <sup>3)</sup> Including ship mortgage bonds.

4) Circulation of Investment Fund Units<sup>1)</sup>

Investment Company and Fund	Inventory value <sup>2)</sup>				Number of units issued <sup>2)</sup>				Issue price per unit			
	1958	1959	1960	March 1961	1958	1959	1960	March 1961	1958 <sup>3)</sup>	1959 <sup>3)</sup>	1960 <sup>3)</sup>	March 1961 <sup>3)</sup>
	Thousands of DM				Number				DM			
Allfonds Gesellschaft für Investmentanlagen mbH Allfonds	—	—	54,967	63,932	—	—	444,997	504,672	—	—	128.20	131.06
Allgemeine Deutsche Investment-GmbH Adifonds	87,793	135,179	194,706	194,220	848,942	794,400	2,826,413	2,881,617	107.90	176.90	71.40	69.63
Adiropa	—	—	12,290	14,338	—	—	101,084	109,937	—	—	126.90	135.09
Fondak	119,376	209,378	278,513	269,040	786,353	1,652,702	1,729,199	1,719,468	158.30	131.90	166.80	162.11
Fondis	54,452	121,431	163,917	163,312	306,986	831,900	2,613,739	2,677,713	185.—	151.80	65.—	62.78
Fondra	26,793	38,304	60,142	60,955	202,129	204,642	549,862	557,347	138.—	194.50	113.20	112.98
Anlage-Gesellschaft für französische Aktienwerte mbH Agefra-Fonds	—	120,423	92,307	95,662	—	1,081,800	769,588	702,924	—	116.60	125.50	140.52
Anlage-Gesellschaft mbH für englische und holländische Aktienwerte Anglo-Dutch-Fonds	—	—	14,479	14,371	—	—	144,382	133,713	—	—	106.40	111.83
Deutsche Gesellschaft für Wertpapiersparen mbH Investa	255,084	497,564	666,730	674,959	1,607,789	3,779,531	8,106,578	8,319,257	164.40	136.90	85.30	83.51
Intervest	—	83,081	80,946	87,416	—	908,569	892,758	897,856	—	96.—	94.80	101.50
Deutscher Investment-Trust, Ges. für Wertpapieranlagen mbH Concentra	292,842	504,382	615,277	516,843	1,970,000	4,208,805	4,096,079	10,915,154	154.20	124.30	156.—	48.67
Industria	—	122,096	179,800	172,037	—	785,494	1,904,270	1,896,260	—	161.30	97.80	93.99
Thesaurus	84,100	108,203	141,591	227,005	890,000	671,779	2,606,317	4,243,073	98.20	167.10	56.20	55.07
Transatlanta	—	—	91,208	90,724	—	—	1,710,930	1,669,927	—	—	55.70	56.87
Deutsche Kapitalanlage-GmbH Dekafonds I	58,414	136,769	203,542	197,833	354,956	1,057,035	3,672,230	3,847,230	170.60	134.—	57.30	52.85
Europa und Übersee Kapitalanlage-GmbH Atlantic-Fonds	—	—	61,656	60,163	—	—	1,472,681	1,427,890	—	—	44.40	45.—
Europafonds I	—	55,770	53,866	55,677	—	373,600	327,749	675,269	—	155.60	170.70	—
Union-Investment-GmbH Unifonds	65,497	126,121	170,170	176,362	1,000,123	1,165,524	3,664,394	3,896,785	68.80	113.70	48.80	47.36
Uscifonds	4,998	7,777	10,007	10,188	45,629	68,673	91,735	89,051	116.20	120.10	115.70	122.40
Total	1,049,349	2,266,478	3,146,114	3,145,037								

<sup>1)</sup> During the period under report the following splittings took place: Adifonds, in the ratio of 1 : 2 on 1 August 1960; Fondak, 1 : 1 on 3 November 1959; Fondis, 1 : 1 on 1 April 1959 and 1 : 2 on 10 October 1960; Fondra, 1 : 1 each on 1 June 1958 and on 1 February 1960; Investa, 1 : 1 each on 1 May 1959 and on 7 November 1960; Concentra, 1 : 1 on 1 June 1959 and 1 : 2 on 15 February 1961; Industria, 1 : 1 on 15 February 1960; Thesaurus, 1 : 3 on 1 September 1960; Dekafonds I, 1 : 1 on 8 June 1959 and 1 : 2 on 1 October 1960; Europafonds I, 1 : 1 on 7 March 1961; Unifonds, 1 : 2 on 1 November 1960. — <sup>2)</sup> Position at end of year or month indicated. — <sup>3)</sup> Average during month.

## VII. Foreign Trade and the Balance of Payments

### 1) Balance of Payments of the Federal Republic of Germany 1955 to 1960 \*) (in millions of DM)

Items	1955	1956	1957	1958	1959	1960 P)	
<b>A. Balance of Transactions in Goods, Services, Donations and Capital</b>							
<b>I. Current account</b>							
<b>1. Goods and services</b>							
(a) Goods	Exports (f.o.b.) <sup>1)</sup>	25,580	30,712	35,831	36,849	41,025	47,850
	Imports (f.o.b.) <sup>1)</sup>	22,339	25,079	28,509	29,380	33,141	39,555
	Merchandising trade (balance)	- 4	+ 98	+ 74	+ 36	- 132	+ 305
	Net transactions in goods	+ 3,237	+ 5,731	+ 7,396	+ 7,505	+ 7,752	+ 8,600
(b) Services	Receipts	1,159	1,553	1,864	1,898	1,896	2,020
Travel	Expenditure	877	1,079	1,381	2,053	2,399	2,852
Transportation	Receipts	2,184	2,737	3,198	3,017	3,117	3,356
Insurance	Expenditure	2,498	3,303	3,891	3,356	3,460	4,013
Investment income	Receipts	108	153	182	211	243	280
Government <sup>2)</sup>	Expenditure	172	213	234	311	383	398
including: Services rendered to foreign military agencies <sup>3)</sup>	Receipts	209	295	409	424	613	845
Sundry services	Expenditure	816	731	804	1,048	1,645	1,665
	Receipts	1,227	1,760	2,662	3,879	4,128	4,352
	Expenditure	144	200	291	388	483	573
	Net services	1,226	1,757	2,660	3,877	4,121	4,294
	Receipts	1,060	955	1,095	1,078	1,042	1,372
	Expenditure	1,795	2,136	2,692	2,976	3,244	3,620
	Net services	5,947	7,453	9,410	10,507	11,039	12,225
	Expenditure	6,302	7,662	9,293	10,132	11,614	13,121
	Net services	- 355	- 209	+ 117	+ 375	- 575	- 896
	Net transactions in goods and services	+ 2,882	+ 5,522	+ 7,513	+ 7,880	+ 7,177	+ 7,704
<b>2. Donations (by Germans: -, by foreigners: +)</b>							
(a) Foreign aid	Payments received	+ 130	+ 127	+ 70	+ 75	- 79	+ 100
	Repayments <sup>4)</sup>	- 29	- 9	- 0	-	-	-
	Under Agreement with Israel	- 368	- 332	- 327	- 317	- 240	- 295
(b) Indemnification	Other <sup>5)</sup>	- 350	- 679	- 1,171	- 1,144	- 1,326	- 1,842
Guarantee Fund and other Funds		- 96	- 51	- 30	- 23	- 42	- 56
(c) European Coal and Steel Community	Perequation levies	- 77	- 106	- 89	- 36	- 5	-
(d) Other private donations <sup>6)</sup>	by foreigners	+ 64	+ 58	+ 51	+ 50	+ 42	+ 80
	by Germans	- 81	- 108	- 132	- 186	- 242	- 337
(e) Other official donations <sup>7)</sup>	by foreigners	+ 10	+ 6	+ 10	+ 8	+ 2	+ 1
	by Germans	- 16	- 11	- 29	- 76	- 904	- 327
	Net donations	- 813	- 1,105	- 1,647	- 1,649	- 2,636	- 2,676
	Net balance on current account	+ 2,069	+ 4,417	+ 5,866	+ 6,231	- 4,541	- 5,028
<b>II. Capital transactions (German payments: -, foreigners' payments: +)<sup>8)</sup></b>							
<b>1. Long-term capital<sup>9)</sup></b>							
(a) Net German capital investments abroad (increase: -)	Private	- 258	- 325	- 777	- 1,140	- 1,975	- 1,424
	Official	- 29	- 333	- 318	- 857	- 1,352	- 1,126
	Total	- 287	- 658	- 1,095	- 1,997	- 3,327	- 2,550
(b) Net foreign capital investments in the Federal Republic (increase: +)	Private	+ 148	+ 455	+ 910	+ 624	+ 870	+ 2,410
	Official	- 271	- 426	- 541	- 502	- 1,420	- 314
	Total	- 123	+ 29	+ 369	+ 122	- 550	+ 2,096
	Net long-term capital transactions	- 410	- 629	- 726	- 1,875	- 3,877	- 454
<b>2. Short-term capital</b>							
(a) Net German capital investments abroad (increase: -)	Private: Banks other than Bundesbank	- 156	- 191	- 606	- 599	- 1,315	+ 1,103
	Non-banks	- 12	- 18	- 34	- 48	- 117	- 84
	Official	- 75	- 213	- 1,705	+ 201	- 1,384	- 1,084
	Total	- 243	- 422	- 2,345	- 446	- 2,816	- 65
(b) Net foreign capital investments in the Federal Republic (increase: +)	Private: Banks other than Bundesbank	+ 287	+ 1,103	+ 581	+ 135	+ 280	+ 1,151
	Non-banks	- 84	- 4	- 56	+ 45	- 52	+ 721
	Official	- 84	- 4	- 6	+ 22	+ 214	+ 330
	Total	+ 203	+ 1,099	+ 631	- 68	+ 442	+ 2,202
	Net short-term capital transactions	- 40	+ 677	- 1,714	- 514	- 2,374	+ 2,137
	Net total of capital transactions	- 450	+ 48	- 2,440	- 2,389	- 6,251	+ 1,683
	Net Transactions in Goods, Services, Donations and Capital	+ 1,619	+ 4,465	+ 3,426	+ 3,842	- 1,710	+ 6,711
<b>B. Movement of Gold and Exchange</b>							
(change in monetary reserves (net) of Deutsche Bundesbank) <sup>10)</sup>							
	I. Change in gold holdings of Deutsche Bundesbank (increase: -)	- 1,234	- 2,413	- 4,399	- 411	+ 8	- 1,402
<b>II. Change in assets and liabilities of Deutsche Bundesbank</b>							
<b>1. Change in assets (increase: -)</b>							
(a) Freely usable assets		- 474	- 1,863	+ 1,574	- 1,829	+ 430	- 7,854
(b) Assets at fixed term or of limited usability		- 113	- 788	- 2,822	- 608	+ 2,010	+ 1,230
	Overall change in assets	- 587	- 2,651	- 1,248	- 2,437	+ 2,440	- 6,624
<b>2. Change in liabilities (increase: +)</b>							
		- 30	+ 50	- 525	- 341	- 243	+ 19
	Net balance of changes in assets and liabilities	- 617	- 2,601	- 723	- 2,778	- 2,197	+ 6,605
	Net Movement of Gold and Exchange (surplus: -, deficit: +)	- 1,851	- 5,014	- 5,122	- 3,189	+ 2,205	- 8,007
<b>C. Net Errors and Omissions</b>							
(calculated as residue) <sup>11)</sup>							
		+ 232	+ 549	+ 1,696	- 653	- 495	+ 1,296

\*) Area of the Federal Republic including Berlin (West); from 6 July 1959, the date of the Saarland's economic incorporation, including its transactions with foreign countries. — 1) Special trade. Including supplementary items (e.g., export and import of electric current), for 1957 and 1958 also including Federal Government imports subsequently reported and therefore not recorded in the official foreign trade statistics; excluding the export of ships' and aircraft's fuel and other supplies, which has been included under receipts from services (item "Transportation"). — 2) Services used or rendered by German or foreign governmental agencies and not included in any other balance-of-payments item. — 3) Receipts from deliveries and services. — 4) Reclamation of foreign aid and transfer, out of counterpart funds, of contributions towards administrative costs; repayment of part of the post-war economic aid as arranged in the London Debt Agreements is recorded in item A II 1 b (Disinvestment). — 5) The figures for 1960 include payments under agreements with European countries and international organisations (DM 74 million). — 6) Transactions between German and foreign private parties only. — 7) Donations received or made by German or foreign public authorities. — 8) Transactions are classified as "Private" or "Official" according to the sector to which the German party engaged in the transaction belongs. — 9) Cf. footnote 10). — 10) Excluding I.B.R.D. bonds, and excluding those I.B.R.D. notes that are shown in the Bundesbank Return in item "Securities" and in the present tabulation under official long-term capital. — 11) This residual item, ascertained as difference between the net movement of gold and exchange and net transactions in goods, services, donations and capital, reflects the changes in the terms of payment, which are not statistically ascertainable (movement of gold and exchange more favourable than balance of transactions: +, movement of gold and exchange less favourable than balance of transactions: -). — p) Provisional.

2) Monetary Reserves of the Deutsche Bundesbank<sup>o)</sup> 1) (in millions of DM)

Position at end of year or month	Total monetary reserves (net)	Gold holdings and freely usable foreign assets			Foreign assets at fixed term or of only limited usability <sup>2)</sup>				Foreign liabilities <sup>3)</sup>	Note: Foreign assets of Deutsche Bundesbank not included in the monetary reserves <sup>4)</sup>	
		Total	Gold holdings	Freely usable foreign assets	Total	including:					
						Bilateral claims from former credits to E.P.U. (until end-1958: credit granted to E.P.U. <sup>5)</sup> )	I.B.R.D. debt certificates <sup>6)</sup>	Earmarked balances with foreign banks and earmarked money-market investments			Consolidation loans to foreign Central Banks
1952	4,635	2,971	587	2,384	2,026	1,061	—	—	—	362	—
1953	8,158	5,513	1,367	4,146	2,701	1,782	—	—	—	56	—
1954	10,930	8,428	2,628	5,800	2,670	2,054	—	—	146	168	—
1955	12,781	10,136	3,862	6,274	2,783	2,187	—	—	304	138	—
1956	17,795	14,412	6,275	8,137	3,571	2,890	—	240	403	188	73
1957	22,917	17,237	10,674	6,563	6,393	4,242	735	1,032	384	713	73
1958	26,106	19,477	11,085	8,392	7,001	4,597	1,166	972	265	372	73
1959	23,621	19,039	11,077	7,962	4,992	3,159	1,305	353	175	410	191
1960	31,628	28,295	12,479	15,816	3,762	1,993	1,400	265	104	429	272
1958 March	22,865	17,090	10,333	6,757	6,183	4,202	735	897	349	408	73
June	24,158	17,696	10,814	6,882	6,716	4,447	1,050	915	303	254	73
Sep.	25,133	18,715	10,907	7,808	6,822	4,287	1,250	1,002	283	404	73
Dec.	26,106	19,477	11,085	8,392	7,001	4,597	1,166	972	265	372	73
1959 March	22,883	17,236	11,248	5,988	6,374	4,121	1,305	707	240	727	73
June	22,458	17,365	11,355	6,010	5,784	3,813	1,305	441	223	691	73
Sep.	21,660	16,704	11,009	5,695	5,468	3,621	1,305	353	188	512	191
Dec.	23,621	19,039	11,077	7,962	4,992	3,159	1,305	353	175	410	191
1960 March	23,974	19,644	11,214	8,430	4,674	2,978	1,200	353	143	344	191
June	27,432	23,271	11,643	11,628	4,619	2,835	1,300	353	131	458	191
Sep.	30,065	26,621	12,132	14,489	3,821	2,089	1,350	265	117	377	191
Dec.	31,628	28,295	12,479	15,816	3,762	1,993	1,400	265	104	429	272
1961 Jan.	31,136	27,974	12,594	15,380	3,495	1,744	1,400	265	86	333	272
Feb.	31,426	28,222	12,724	15,498	3,494	1,743	1,400	265	86	290	372
5 March Former valuation	31,724	28,513	12,724	15,789	3,496	1,743	1,400	265	88	285	372
New valuation	30,304	27,155	12,118	15,037	3,434	1,742	1,352	252	88	285	364
31 March	31,421	28,329	12,969	15,360	3,417	1,730	1,352	252	82	325	364

<sup>o)</sup> The figures are not fully identical with those shown in the Return of the Bundesbank, because gold holdings as well as foreign assets and liabilities are here recorded at parity rate in accordance with the International Monetary Fund's instructions on the compilation of balance-of-payments statements, whereas in the Bundesbank Return they are computed for the end of the year according to the lowest value principle and for the current year at the rate of the day. Moreover, in the case of liabilities there are some differences regarding the delimitation of the items to be taken into account; cf. footnote 1). — <sup>1)</sup> From 1959 onwards including the previously disregarded letter-of-credit cover accounts and the liabilities recorded in the item "Deposits of foreign depositors" in the Bundesbank Return. — <sup>2)</sup> In 1952 and 1953 including certain assets and liabilities such as consolidated clearing debts the changes in which were, in balance-of-payments tables, not entered under exchange movements but under capital transactions. — <sup>3)</sup> Not taking into account the latest E.P.U. settlement in each case. — <sup>4)</sup> Excluding bonds, and excluding those notes that are shown in the Bundesbank Return in item "Securities" and in the balance of payments under official long-term capital. Cf. in this connection also the explanations to the Weekly Returns of 7 December 1960 and 7 February 1961. — <sup>5)</sup> Cf. footnote 4).

3) The Banks<sup>o)</sup> Short-term Assets and Liabilities in relation to Foreign Countries<sup>\* 1) 2)</sup> (in millions of DM)

Position at end of year or month	Net assets or liabilities	Assets							Liabilities					
		Total	Balances at foreign banks and money-market investments			Short-term credits	Non-residents' deposits, by depositor groups							
			Total	De-positions payable on demand	Time deposits		Money-market investments	Total	Foreign banks <sup>3)</sup>	Business enterprises and individuals	Public authorities	International organisations <sup>5)</sup>		
1955	— 1,397	524	320	312	7	1	—	204	1,921	1,473	730	622	121	448
1956	— 2,309	715	379	362	13	4	—	336	3,024	2,114	1,197	733	184	910
1957	— 2,285	1,320	775	307	20	448	—	545	3,605	2,650	1,580	914	156	955
1958	— 1,551	1,919	1,040	431	128	481	—	879	3,470	2,893	1,625	1,075	193	577
1959	— 272	3,471	2,543	939	358	1,246	—	928	3,743	3,410	1,784	1,095	216	315
1960	— 2,526	2,368	1,315	530	406	379	—	1,053	4,894	3,641	1,697	1,348	308	288
1958 March	— 1,525	2,055	978	342	26	610	—	1,077	3,580	2,822	1,774	941	107	758
June	— 1,408	2,102	916	407	35	474	—	1,186	3,510	2,778	1,639	1,012	127	732
Sep.	— 1,207	2,263	1,096	491	112	493	—	1,167	3,470	2,859	1,674	1,049	136	611
Dec.	— 1,551	1,919	1,040	431	128	481	—	879	3,470	2,893	1,625	1,075	193	577
1959 March	— 208	2,747	2,022	486	916	620	—	725	2,955	2,499	1,175	867	231	226
June	+ 145	3,356	2,651	662	1,099	890	—	705	3,211	2,893	1,474	953	229	318
Sep.	+ 762	3,977	3,108	903	1,255	950	—	869	3,215	2,931	1,407	955	264	284
Dec.	— 272	3,471	2,543	939	358	1,246	—	928	3,743	3,410	1,784	1,095	216	315
1960 March	— 392	3,457	2,383	1,059	500	824	—	1,074	3,849	3,380	1,741	1,085	231	323
June	— 2,002	2,279	1,192	624	226	342	—	1,087	4,281	3,479	1,767	1,063	346	303
Sep.	— 2,317	2,085	1,014	510	190	314	—	1,071	4,402	3,324	1,626	1,152	285	261
Dec.	— 2,526	2,368	1,315	530	406	379	—	1,053	4,894	3,641	1,697	1,348	308	288
1961 Jan.	— 857	3,872	2,743	694	914	1,135	592	1,129	4,729	3,234	1,440	1,216	323	255
Feb. <sup>2)</sup>	— 141	4,317	3,106	747	1,127	1,232	677	1,211	4,458	3,149	1,402	1,166	333	248
March <sup>3)</sup>	— 628	4,431	3,166	684	1,383	1,099	677	1,265	5,059	3,501	1,716	1,197	327	261

<sup>o)</sup> Other than Bundesbank. — <sup>\*</sup> Figures for the period after the economic incorporation of the Saarland (6 July 1959) including the assets and liabilities of the Saarland banks in relation to foreign countries. — <sup>1)</sup> The figures here shown, which are taken from the credit institutions' external position, deviate from the corresponding figures of the balance-sheet statistics, since in the monthly interim statements of foreign banks' subsidiaries — different from the external position — the claims on and liabilities to the foreign parent institution and the foreign sister establishments are recorded as a net total only. — <sup>2)</sup> Assets and liabilities in foreign currency are valued according to the parity rate prevailing at the end of the period indicated. — <sup>3)</sup> Only investment of funds deriving from the German industry's Development Aid Loan in U.S. Treasury bills out of the Bundesbank's holdings. — <sup>4)</sup> Excluding International Bank for Reconstruction and Development, European Investment Bank and Bank for International Settlements, their deposits being included in the column "International organisations". — <sup>5)</sup> Cf. footnote 4).